Housing policies in the European Union

Annex: Country Reports

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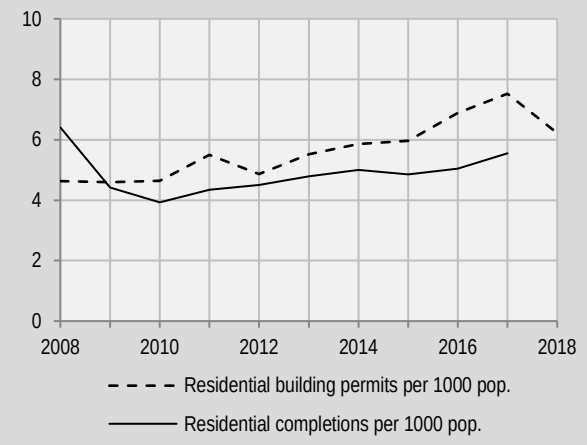
Austria

Population (million, 2018)	8.82	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	18.7	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	9.84	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	25.6	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	83,879	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	19.2	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	107.1	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	37,800	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	61.8	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	27,626	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	43.2	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	17.5	EUROSTAT, series t2020_50

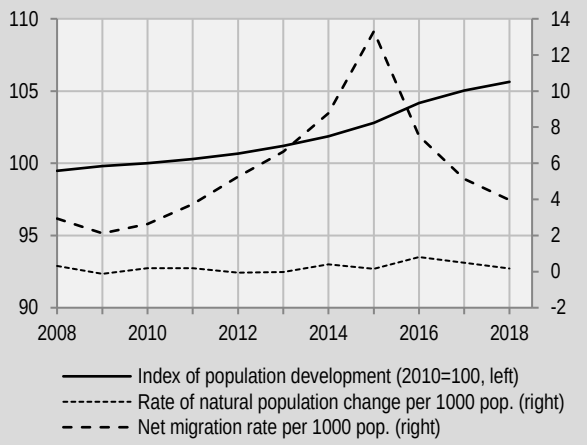
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



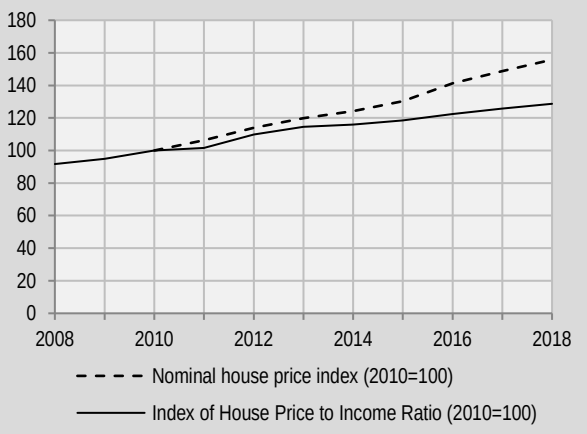
Source: European Mortgage Foundation, EUROSTAT, own calc

Population Development



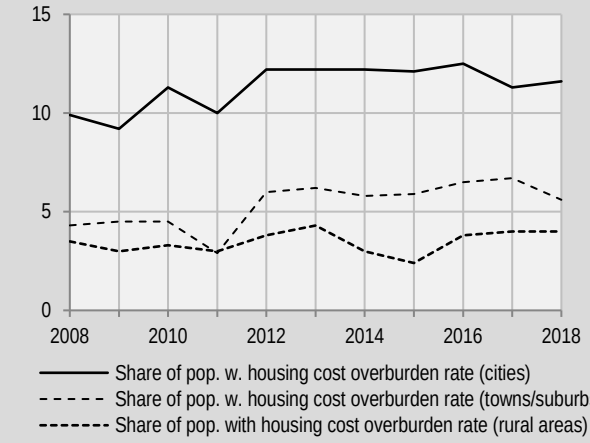
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Wolfgang Amann has been involved as national expert.

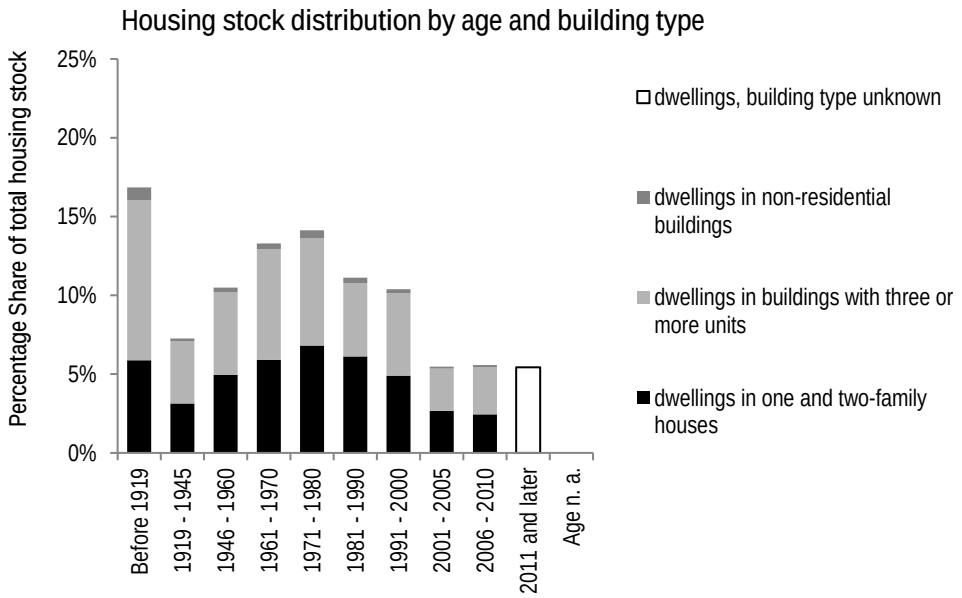
1 Governance structure

In Austria, several levels of government are involved in housing policy. The responsibilities for the different areas are distributed over the national, the regional, and the local level. At the national level, several ministries are associated with housing policy. While the Federal Ministry for Digital and Economic Affairs is the line ministry for housing policy in Austria, the Federal Ministry of Constitutional Affairs, Reforms, Deregulation and Justice is responsible for rent regulations and owner-occupied housing regulations. In addition, the responsibility for environmental protection, regional planning and financing are situated in the responsibility of several other ministries, of which the main focus is not housing policy. At the regional level, the Austrian *Länder* have government bodies responsible for housing subsidy schemes as well as bodies which are in charge of regional planning, building regulations and financing. These government bodies are responsible for general housing subsidy schemes, regional planning regulations, and further specifications of building codes as well as for the financing of housing policy measures. They also deal with welfare issues and allocation of social housing. At the local level, municipalities are mostly involved in housing welfare and regional planning issues. Most cities either have a housing department or housing issues are divided between several parts of the administration. In smaller municipalities, those tasks are performed by the mayor and the local council. The responsibility for housing policy in Austria has not shifted horizontally in the past ten years, while vertical shifts between levels of government have been transferring the authority on housing subsidy schemes between the Federal State and the *Länder* continuously.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The age distribution of the Austrian housing stock shows a relatively large proportion of pre-1918 dwellings, followed by a relatively lower share of dwellings from the interwar period. Later periods with strong construction activity are in the 1960s to the end of the 1970s and in recent years of the 2010s. Strong, immigration related population growth raised construction output in the 1990s and in the years after 2010 especially in urban areas. New construction after 1990 represents about 27% of the total stock. About 40% of the stock is in single family houses. Regional housing types differ, with only 14% of the urban population living in single family houses, while in rural areas on average 84% of the population lives in single family houses. The different housing sectors show quite diverse challenges regarding refurbishment necessities. The Limited Profit Housing Associations (LPHA) sector is relatively young and has a very good maintenance scheme. By contrast, single family homes, owner-occupied apartments and private rental apartments show major deficits in thermal quality and maintenance.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: EUROSTAT, National Statistical Offices, European Mortgage Federation (calculated from cumulative housing completions to 2017)

2.2 Housing tenures

The housing system in Austria can be described as a strongly diversified system with slightly less than half of the households are owner-occupiers. The rental tenure consists in almost equal proportions of market-rate, predominantly private rental and cooperative rental with limited profit status and cost-based rents as well as a big municipal housing sector in Vienna. In addition, large parts of private rental tenures are rather strictly rent controlled. Overall, since eligibility to social rental tenures is broad-based, rental tenures address partly overlapping target groups and are rather integrated.

Typical characteristics of tenures in Austria		
		Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	House ownership rights base on the Civil Code. Owner-occupation is the largest single tenure in Austria.	large share (ca. 37% of dwellings with principal residence status)
Flat ownership/condominium	Owner-occupied housing is based on the Condominium Law (WEG, Wohnungseigentumsgesetz, BGBl. I Nr. 70/2002)	medium share (estimated ca. 11% of dwellings with main residence status)
Cooperative owner-occupation	LPHAs have in big extent realised owner-occupied housing under the Condominium Law. Normal cooperative housing is subsumed to LPHA rental.	
Other	Emphyteusis lease according to Land Lease Act (Baurechtsgesetz – BauRG, RGBl. Nr. 86/1912). Usufruct and right of residence regulated in the Civil Code	This tenure is only developing in small quantities.
Rental tenures		
Market rate private/commercial rental tenures	Rental Act, regulated in the Mietrechtsgesetz (MRG, BGBl. Nr. 520/1981). Main characteristics are a strong tenant protection, with eviction practically possible only in the case of permanent non-payments of rent and strict termination rules that prevent early termination of the rent contract (e.g. proven personal demand is no legal termination cause). Since 1994 limited duration contracts are legal with a minimum term of 3 years. Even though legislation stipulates limited rent contracts as exemption, it has developed to the predominant form of contract on the private market.	medium share (ca. 10% of dwellings with main residence status)

Special regulation regimes	Regulated rent prices apply to all private sector rental apartments built before 1945 (§ 1 Abs. 1 MRG). Exemptions apply for rented single family homes, dwellings larger than 130m² and newly built attics. Long running contracts may have very low rents. Adjustment is only possible with CPI-indexing. Rent setting schemes significantly below the market level also for new rent contracts in well refurbished buildings apply.	small share (ca. 9% of dwellings with main residence status)
Public rental tenures	Municipal housing is regulated with the Rental Act allowing more flexible rent regulation schemes than LPHAs. Vienna as the largest provider applies a scheme oriented at limited rents in the private rental sector.	small share (ca. 7% of dwellings with main residence status, but 23% in Vienna)
Subsidized below market and/or privileged access rental tenures	Limited Profit Housing Associations (Gemeinnützige Bauvereinigungen, Wohnungsgemeinnützigkeitsgesetz, WGG, BGBl. Nr. 139/1979) provide below market rental housing targeting at low- and middle-income groups. Eligibility is income-limited, but limits are rather high (approx. 80% income percentiles).	medium share (ca. 17% of dwellings with main residence status)
Cooperative rental or similar national specific tenures		
Other	Other legal forms (e.g. rent-free, right of residence)	small (10%)
Hybrid forms, e.g. rent-to-buy schemes	A substantial share of new LPHA rental housing is linked with a right to buy.	
Homelessness, temporary and informal housing		
Homelessness	Homelessness is of minor significance in Austria. Places in homeless shelters are estimated to equal registered homeless people.	Estimated at about <0.5% in 2016
Asylum accommodation	Refugees are hosted in primary care, often in old hotels and dormitories.	50,000 registered refugees in 2015, but figures vary
Informal housing	No significance.	n. a.

Source for relevance data: Mikrozensus 2018, expert estimates.

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

All social groups are represented in ownership tenures, although it is more common in middle and higher income group families. In rural areas, home ownership is usually the most common tenure. Single family houses are predominant in rural and semi-urban areas, while shared ownership is more associated with multifamily houses in urban areas. The proportion of owner-occupied housing decreased slightly between the 1970s and the 2010s. Due to a current boom in new construction, the share is again slightly increasing. Single family homes are a prior target group of policy makers in rural and semi-urban areas. At the same time, legal regulations to influence development are lacking. Owner-occupied multifamily houses, i.e. flat ownership and is mostly associated with urban areas. It seems that apartment ownership has no strong advocacy on the federal level, as it sits between organized tenants' and rural house owners' interest.

Rental tenures

Market rental tenures are associated with diverse income groups. In rural areas, the proportion of rental housing is lower and typically lower income groups are associated with rental housing in these areas. The private rental sector in Austria is characterized by a strong tenant protection and a substantial part of the pre 1945 private rental dwellings are affected by regulated rent prices. This also affects modernization and has shown to be a major barrier for refurbishment of this housing stock. Since 1994 limited rent contracts with a minimum term of 3 years have emerged to be the predominant form of contract on the private market. Social/subsidized rental housing (LPHA cooperative housing) is associated with most groups of society, targeting low- and middle-income groups. Nevertheless, in provinces besides Vienna, lower income groups are over-represented. Rents are set on a cost coverage principle and are basically dependent on the respective housing subsidy scheme. Rent adjustment is mostly close to CPI. Additionally, in most subsidy schemes, households have to contribute to construction costs with a reimbursable upfront payment. LPHA usually provide unlimited rent contracts. In some provinces, e.g. Vienna, subsidized rental housing is also provided by commercial housing developers. Municipal housing has a very strong position in Vienna, but is of minor significance in other parts of Austria. It is regulated with the Rental Act and targets low income groups. Access is limited to households with a proven urgent need for housing. The sector is challenged by growing residualisation as it targets primarily at low income groups. A growing share of apartments is allocated to explicit socially vulnerable cases (low income single-parent

households, people threatened by homelessness, persons in social care etc.). All other apartments are allocated on a strict first-come-first-serve principle. The rental sector gets increasing attention due to the shortages of affordable housing in urban areas. While the market rental sector is politically discussed quite controversially and ideologically, LPHA rental housing has broad support from all political parties. Recent local elections in Vienna have brought municipal housing again to the top of the agenda after a period of less significant attention.

Homelessness, informal and temporary housing

Homelessness is of minor significance in Austria. Places in homeless shelters match the number of registered homeless people and squatting hardly appears. The policy regarding homelessness in Austria is strongly prevention-orientated. The dominant approach has been long-term housing solutions as the main response for increasing numbers of people in danger of becoming homeless.

Providers of Housing Services

A key feature of rented housing in Austria is the large diversity within this group. Most rental dwellings are supplied by private-sector companies and private landlords. On the other hand, a substantial share of the rental services with regards to LPHA housing are supplied both, by private companies and cooperatives, owned by public bodies or agencies as well as private-sector non-profit-organizations and even the financing industry. The sector of municipal housing is owned by the municipalities itself.

2.4 Housing Issues

General challenges

High levels of net migration gains have increased the demand for housing over the last decades. In markets under pressure (especially agglomerations), this development has intensified the already present problems of affordable housing. The political landscape as well as the housing market has been also influenced by large numbers of incoming refugees in 2015/16. Increasing demand has therefore led to somewhat higher market rents and challenged the social housing sectors in particular. With regards to internal migration, ongoing strong migration flows towards Vienna and bigger cities is increasing regional disparities. In terms of demographic changes, the ageing population and shrinking household size are of the most concern, but overall changes are still considered positive. Recently, energy efficiency requirements came to top of agenda of housing policy in Austria.

Accessibility, affordability and availability problems

Due to rising house prices, especially in metropolitan areas, lower and middle income groups are affected by affordability problems. But the big supply of affordable rental housing offers alternatives. As Austria has experienced a strong increase in construction activities since 2015, the supply of owner-occupied housing has recently increased significantly. There are only limited financial risks or problems with access to credit. Barrier-free construction has been obligatory for decades. But still, big parts of the housing stock have respective deficits. As refurbishment schemes are lacking behind, part of the stock, mainly in metropolitan areas, is insufficiently accessible for handicapped or elderly people. There are no major deficits in accommodation for the homeless.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

Austrian housing policy and its regulation broadly follows the general issues related to housing recognized for the Austrian welfare state and the Austrian housing economy. Housing policy follows a holistic approach to housing benefits and targets economic, social, environmental and regional planning policy goals. After a time of strong emphasis on energy efficiency and environmental concerns in subsidized housing, affordability concerns have surfaced more strongly again in the past ten years. Affordability issues are targeted via a quality approach, with affordable housing leading social and technological innovation. Nevertheless, environmental concerns remain important issues within housing policy and a comprehensive housing policy reform to meet the climate goals is approaching. While the ministries play the most important role in Austrian housing policy, non-state actors are also involved at the national level.

3.2 Housing Policy Instruments

Name	Housing Allowance (Wohnbeihilfe)
Instrument type	Housing Allowance
Tenures	Rental housing; Owner-occupied housing (in some *Länder*)
Description	The allowance is calculated referring to household income, household composition and reasonable housing costs. Less than 4% of Austrian households receive housing allowances.
Target groups	Low-income groups
Policy Formulation	In subsidy regulations of the *Länder*.
Funding	*Länder* budgets
Implementation	*Länder*
Importance	Approx. 160,000 households; Approx. € 320 mill. (2018) public spending
Instrument development	Decreasing
Name	Means-tested minimum income scheme (Sozialhilfe neu, formerly Bedarfsorientierte Mindestsicherung)
Instrument type	Housing Allowance
Tenures	Rental housing
Description	The means-tested minimum benefit contains a contribution to cover housing costs. Beneficiaries are households that are not sufficiently covered by other social security schemes. The amount for a one-person household is € 885 per month, of which € 221 is for housing (approx. 25% for housing).
Target groups	Long-term unemployed, persons with minimum pension, persons with very low incomes (working poor)
Policy Formulation	Regional level („*Länder*"), which are following a framework agreement on federal level (Art. 15a B-VG-Vereinbarung).
Funding	Regional level
Implementation	Regional level
Importance	Approx. € 350 mill. (2018)
Instrument development	Recently renamed and currently undergoing reforms
Name	Subsidies for Purchase of Owner-occupied Houses or Condominiums (Kaufförderungen)
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied Housing
Description	Loans, grants and guarantees
Target groups	Low and middle income groups
Policy Formulation	Housing policy schemes of the *Länder*
Funding	*Länder* budgets
Implementation	*Länder*
Importance	Low number of benefiting households, low amount of public spending
Instrument development	No developments over the past ten years
Name	Subsidy Schemes for Single Family Homes (Eigenheimförderung)
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied Housing
Description	Mostly Loans
Target groups	Low and middle income groups
Policy Formulation	Housing policy schemes of the *Länder*
Funding	*Länder* budgets
Implementation	*Länder*
Importance	Moderate number of benefiting households, low amount of public spending
Instrument development	Massive decrease
Name	Contract saving (Bausparen)
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied Housing
Description	Savings incentivised with a very small premium
Target groups	No specific target group
Policy Formulation	Federal level
Funding	Federal budget
Implementation	Federal State
Importance	The number of account holders is still high, but the previous significance of the instrument to promote creation of home ownership has declined.
Instrument development	Decline.

Name	Housing Subsidy Schemes
Instrument type	Subsidised housing
Tenures	Owner-occupied housing; Rental housing
Description	Housing subsidies of the *Länder* apply to the construction and renovation of affordable housing. The *Länder* decide on the guidelines and the amount of funding. Loans, grants, annuity grants and guarantees are largely supply-oriented, but also include supplementary demand-oriented tools. The former is aimed at the LPHA sector and at private and public landlords. In Vienna, for example, an innovative system of „Developers competitions", which requires advanced concepts for large scale social housing estates, is applied. Submissions are evaluated according to the four pillars of social sustainability, economy, planning quality and ecology, and the winner receives a reduced price for the land and building cost subsidies.
Target groups	Low and middle income groups
Policy Formulation	Regional level
Funding	Regional level
Implementation	Regional level
Importance	Very high importance. Earlier, some 80-90% of new construction in Austria was co-financed with housing subsidies. Today it is approx. 60% in multi-apartment housing, but <30% for single-family homes. Expenditures for this instrument have been rather stable from 2001 until 2014 with € 2.1-2.5 billion p.a., but have decreased since then to € 1.7 billion in 2018. 55%-60% of the total expenditures are loans.
Instrument development	In the past, the instrument has been recalibrated and modified frequently. Most of the *Länder* adopt regulations frequently.
Name	Rent regulation
Instrument type	Rent regulation
Tenures	Rental housing
Description	Initial rents are partly regulated dependent on building type and age (free for post- WW2 housing stock built without subsidies). Rent increases are partly regulated.
Target groups	Tenants
Policy Formulation	National level
Funding	n. a.
Implementation	National level
Importance	Medium
Instrument development	Minor calibrations.

3.3 Reform trends

The housing policy mix in Austria is characterised by a high degree of continuity. Thus, only minor modifications of the main instruments can be observed in recent years. Only in the area of the means-tested minimum income scheme reform activities are ongoing. Beyond this, further reforms are not yet apparent. But reforms to meet climate targets in the building sector are expected.

Belgium

Population (million, 2018)	11.40	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	18.7	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	12.57	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	25.2	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	30,528	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	16.8	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	375.3	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	35,510	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	81.6	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	25,949	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	41.6	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	20	EUROSTAT, series t2020_50

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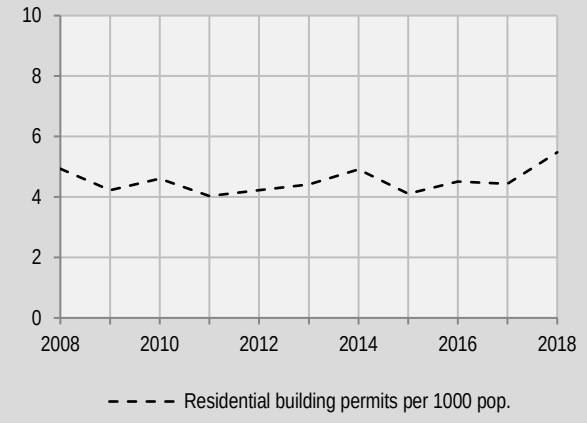
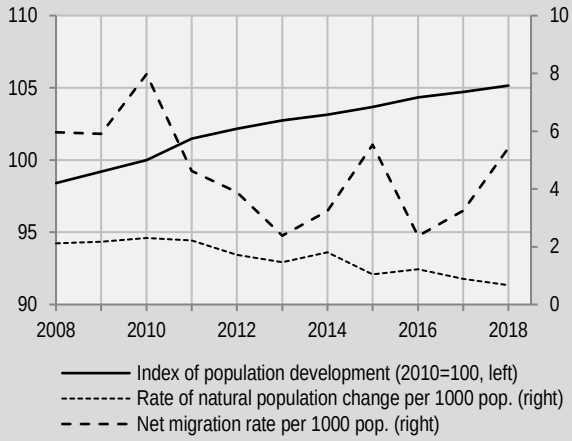


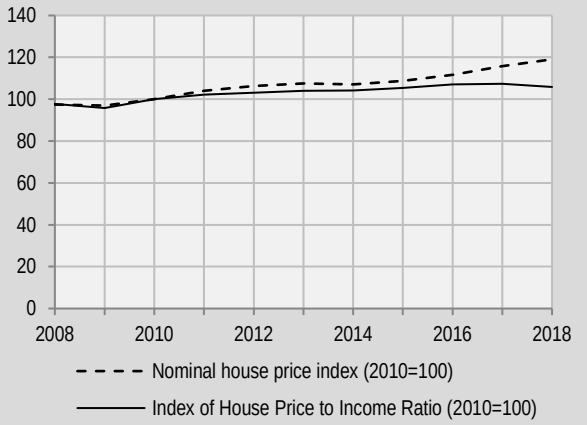
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



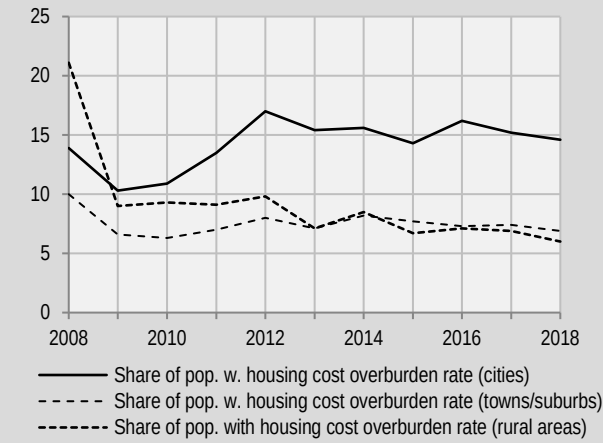
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

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1 Governance structure

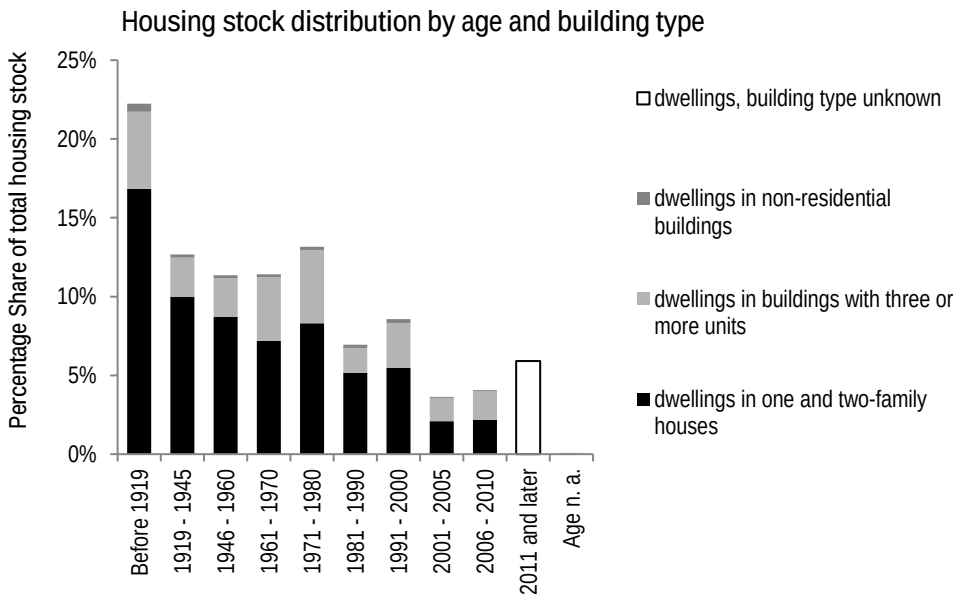
In Belgium several levels of government are involved in housing policy. The responsibilities for the different areas are shared between the national, the regional, and the local level. Since housing is mainly the task of the regions, there is only one unit at the national level dealing with housing related topics, namely the Federal Public Service (FPS) Finance, which is responsible for financing and mainly tax purposes. At the regional level the Belgian regions (Flemish Region, Walloon Region, and Brussels Capital Region) are responsible for housing policy. The regions are responsible for guaranteeing the right to housing and have government bodies taking part in policy formulation, regulation (e.g. tenancy law), finance (e.g. transactions taxes and property taxes), funding (subsidies for social housing and housing allowances) and part of the implementation process. The regulation and funding of social housing is the responsibility of the government bodies in the regions, while the implementation is a task of local organizations. The Provinces are associated with initiatives in infrastructure, environment, transport, public works as well as housing. At the local level, municipalities are mostly involved in the implementation of housing policy measures, while the Arrondissements (NUTS 3) have no competence in housing. In most cases, municipalities will have a housing department responsible for housing, urban planning or welfare. These departments coordinate housing initiatives within their territory, are responsible for managing construction rights and building land development as well as initiating social housing. The control of housing quality is a shared responsibility with the regional level. Some municipalities and regions have set up additional premiums for renovation, energy savings investments or housing allowances. The responsibility for housing policy in Belgium has not shifted horizontally between different national ministries over the past ten years. However, the most recent major reform to Belgium's federal administrative structure of 2000, the so-called 'Copernic' reforms, also had an impact on housing governance. Over the course of this reform 'ministries' were renamed 'Federal Public Services' (FPS) while the tasks entrusted to the FPS remained the same as those of the former ministries. This means that each FPS still has a minister, even though the emphasis is now on providing services to citizens. In addition, a number of Federal Public Planning Services (PPS) had been created alongside the Federal Public Services. PPS handle ad hoc matters associated with social issues that require coordination between several FPS, such as the policy on equal opportunity or sustainable development. The FPS Finance, the former Ministry of Finance, is responsible for some housing taxes, as Personal Income Tax and VAT. Since housing in Belgium is otherwise a regional responsibility, taxation is the only housing issue dealt with at the national level. However, at the regional level, there have been several horizontal shifts in responsibility over the past years. For example, in Flanders, executive tasks and policy preparation tasks were assigned to separate entities in 2006. Moreover, the administration of housing was first part of the ministry responsible for spatial planning, housing and the environment, has then been merged with spatial planning, only to become an autonomous entity several years later. Vertical shifts between levels of government have transferred responsibilities for the implementation of housing policy to the local level or even to municipal companies, while policy formulation tasks have remained at the regional level. The most important shift was the changes regarding tax benefits concerning owner-occupied housing within the frame of the personal income tax which was shifted from the federal to the regional level.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The housing stock in Belgium is characterized by a relatively large share of pre-WW1 buildings. After a typical peak in new construction in the 1960s and 1970s, residential construction has fallen to a lower

level with little variance over the decades to follow. New construction after 1990 represents about 22% of the total stock. About two thirds of dwellings are in single-family houses. Regional housing types differ, with about half of the urban population living in single-family houses, while in some rural areas more than 90% of the population lives in single-family houses. Concerning shortcomings, there are no figures available for Belgium at the national level. For the different regions, the availability of data differs vastly. For the Flemish region, for example, a detailed and standardized internal screening of a sample of 5,000 housing units in 2013 showed that 37% of the total housing stock did not comply with the minimal housing standards compelled by the Flemish Housing Code. In particular, the private rental market showed a substantial share (47%) of substandard housing units. However, not all of these substandard dwellings need major refurbishment to comply with the minimum standards. It was estimated that this was only the case for 13% of the total stock while for the rest of the dwellings some minor refurbishments or adaptations would suffice to meet the standard. In Wallonia in 2012-2013 according to a survey concerning the quality of dwellings 4% of households are living in a house of bad to very bad (structural) quality. These results cannot be compared with the results from Flanders as the methodology and the indicators were different.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: National Statistical Offices, calculated from dwelling stock data 2018)

2.2 Housing tenures

The composition of housing tenures in Belgium shows characteristics of a medium concentrated tenure system with a relatively large owner-occupation share, a medium sized private rental sector, and a relatively small social sector. Nationwide, about 65% of dwellings are owner-occupied, mostly in terms of full ownership. About 34% of dwellings are used with rental tenures (census 2011 data), all regulated on the regional level. Most renting relies on market rate rent setting predominantly provided by private landlords. The subsidized rental sector is smaller comprising an estimated 6% to 7% of all dwellings. Here, two forms of housing provision prevail: supply side subsidized rental housing offered by social housing companies and social housing provided by social rental agencies associated with demand side subsidies. Tax benefits apply both to social housing companies and landlords renting their house via a social rental agency. Tenure composition varies between regions. In the Brussels capital region, a proportion of about 60% of the dwellings is rental tenure, of which about 10% is associated to the social rental sector, including dwelling in ownership of municipalities and dwellings from the so called „Fonds du Logement".

Typical characteristics of tenures in Belgium		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Individual ownership is regulated by the Belgian Civil Code (Articles 544-577). Ownership is considered as a perpetual, complete and exclusive right, which includes the right to let, transform and sell the property.	very large share (ca. 65% of dwellings), but strong differences between regions may apply
Flat ownership/condominium	Shared ownership is regulated in the so-called Apartment Law in the Civil Code (Articles 577/3 – 577/14). It introduces a distinction between private and common parts of the building and includes the rights of use and enjoyment of a single condominium. Decisions concerning the whole property need joint decision by the condominium association.	
Cooperative owner-occupation	Forms of co-operative ownership are legally possible (provisions in the Belgian Companies Code), but not really used in practice	niche
Other	Usufruct (Articles 578-624/1 Civil Code) Tight of use and habitation (Articles 625-636 Civil Code). Leasehold (Law on the right to leasehold) and the right to superficies (Law on the right to superficies) as alternatives to (shared) ownership All forms are limited in time of use.	small share/niche (ca. 1% in total) social housing: niche
Rental tenures		
Market rate private/commercial rental tenures	Legislation on regional level since 2014, based on the guidelines of the preceding federal Act. Rent regulation refers to the minimum housing standards in all three regions.	large share (ca. 28% of dwellings), but strong differences between regions may apply
Special regulation regimes	co-tenancy ('multiplicity of tenants'), regulated on regional level	
Public rental tenures		
Subsidized below market and/or privileged access rental tenures	Regulated and controlled at the regional level. Eligibility is based on regional household income limits and urgency of housing needed.	small share (ca. 6% of dwellings, 7% in Brussels Capital region (social housing only, municipal, Fond du Logement and social rental agency housing not included))
Cooperative rental or similar national specific tenures		
Other		
Hybrid forms, e.g. rent-to-buy schemes		
Homelessness, temporary and informal housing		
Homelessness	Brussels Capital Region Nov. 2016 ca. 3,300 homeless persons (according to ETHOS-typology), of which were 35% roofless, 25% in temporary accommodation and 40% in inadequate housing Flemish Regions 2014: ca. 5,400 homeless counted (with a different methodology).	no representative figures, estimates usually underestimate true figures
Asylum accomodation		About 17,000 places in shelters for asylum seekers
Informal housing		

Source: Eurostat, national statistics, expert estimations. Data on homelessness from W. Schepers & I. Nicaise (2019): ESPN Thematic Report on National strategies to fight homelessness and housing exclusion. Belgium

2.3 Target groups, providers and political relevance of tenures

Owner-occupation

Access to owner-occupation is subject to income sorting, i.e. compared to tenants, owner-occupiers have on average a higher income. Looking at household structures, families and double income households are overrepresented. Traditionally, Belgian housing policy has a focus on homeownership, based on conservative family value oriented politics. This priority remained stable despite the shifts of responsibilities to the regional level and changes in policy objectives. Fiscal incentives for owner-

occupation were increased, e.g. the reform of income tax on the federal level introduced the so-called „woonbonus" in 2005, resulting in an almost double tax benefit for owner-occupation. The transfer of tax responsibilities to the regional level lead to tax deductions e.g. with transaction taxes. In 2015, the responsibility for tax incentives for owner-occupation was transferred to the regions and thereafter the regions cut back and abolished the 'woonbonus'. In addition, the regions have targeted instruments, for example social mortgage loans in Flanders or the Fonds du Logement in Brussels. The share of owner-occupied housing has been increasing in Belgium since the post-war areas, but is stagnating or slightly decreasing since the beginning of the decade. Alternative tenures like co-operative ownership are still of marginal relevance, but meet increasing interest from specific target groups. The underlying motivations of this increasing interest vary from sustainability concerns to special housing needs, e.g. of the handicapped.

Rental tenures

Compared to owner-occupiers, tenants have a lower income on average, or more often belong to specific vulnerable groups, e.g. single parents. Social rental housing is associated with groups that have a weaker socio-economic profile than tenants in general, resulting from eligibility criteria and access privileges of these groups. In Belgium, historically, the focus concerning rental housing policy has been on social housing while the private rental sector has received less support, while social housing is one of the main recipients of housing subsidies and the expansion of the social rental housing stock in Flanders still enjoying political support. Nevertheless, the social rental sector is overall relatively small with a market share of only up to 7% in the regions, despite ambitions to increase the supply in the social sector in some regions, e. g, by setting a municipal minimum requirement for annual social housing construction and an attempt (overruled by the constitutional court, but developers can still do it voluntarily or when obliged by local spatial planning) to implement quota regulations for private sector development. Unlike most European countries, Flanders has no general housing allowance. Traditionally, housing allowances were only available for households with a very low income in order to increase incentives to move into better quality private rental dwellings. Since 2007, allowances have been extended to other social groups and further extensions have been implemented since 2019. The expansion of the housing allowance system is part of a new policy targeted at the private rental market. In Flanders, political awareness of the need for a private-rental policy has increased in recent years, given the observable shortage of good quality and affordable dwellings for low-income groups. One recently introduced instrument is a guarantee system to attract private investments for renting via the social rental agencies. Other instruments like the introduction of supply side subsidies for private rental investments has been considered, but not yet introduced.

Homelessness, informal and temporary housing

There are only estimates on the number of homeless persons in Belgium. Researchers consider these to underestimate the actual number of homeless persons. The policy regarding homelessness in Belgium mostly relies on access priorities to social housing. On the federal level, those who escape homelessness are entitled to one-time premium payments For the Flemish Region, a fund for rental payment guarantees in the private-rental sector has recently been introduced. Also, in Brussels a similar funding instrument is in place.

Providers of Housing Services

In Belgium, most private market rate rental dwellings are supplied by private landlords. Social housing is provided by Social housing companies, or by private landlords via Social Rental Agencies. Small shares of housing are also provided by municipalities or private companies.

2.4 Housing Issues

General challenges

A high level of net migration gains has increased demand for housing in Belgium over the last decades. In markets under pressure (especially agglomerations), this development has intensified the already present problem of affordable housing shortages for low income groups. The political landscape and the housing market were both strongly influenced by a high refugee influx in 2015/16. With regards to internal

migration, regional disparities are increasing due to ongoing suburbanization processes lead by families with children on the one hand and an overrepresentation of lower income groups in city centres on the other. In terms of demographic changes, an ageing population and shrinking household sizes are mostly determining housing needs. The share of single-person households is rising considerably and constantly resulting in significant changes in demand.

Accessibility, affordability and availability problems

Due to rising house prices, especially in metropolitan areas, lower and middle-income groups are increasingly affected by affordability problems in many Belgian regions (no increase in Flanders). While there are no specific availability problems, regional price differences and higher demand in some places, especially metropolitan areas, create problems for some groups. Regarding the private rental housing sector in Belgium, accessibility constraints are mainly a problem for social groups with special requirements. As refurbishment schemes are lacking behind, part of the stock, mainly in metropolitan areas, is insufficiently accessible to handicapped or elderly people. However, some societal groups are facing access problems on the private rental market. While discrimination is forbidden by law, there is evidence that some groups indeed are discriminated (even if the scale of the issue is largely unknown). Moreover, negative selection of tenants is legal and is probably contributing to unequal accessibility. A shortage of decent houses, rented out at prices that low-income households can afford, is in itself a major challenge. The incomes of a large group of families is too low to pay rents that landlords need for making profitable investments. At the same time, there are not enough social housing units to meet all the needs that cannot be met by the private rental sector.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

Belgian housing policy is broadly based on the right to housing as its central objective and, to this end, follows up on the general issues related to housing recognized by the Belgian welfare state and the Belgian housing economy. The competence for housing policy has been transferred from the Belgian state to the three regions in 1980. The regions have their own legislation and institutions since the late 1990s. The Flemish Housing Code was approved in 1997. The constitutional right to decent housing, which was added to the Belgian constitution in 1993, became the main goal of the Flemish housing policy. In the Flemish Housing Code, housing affordability, housing quality and residential security are defined as the primary objectives. The housing needs of low-income households are given priority. Until the present day, this Flemish Housing Code remains the main legal basis for housing policy in Flanders. In 2018, the Flemish government approved the Flemish Housing Plan, which identifies quality, affordability, security, an optimal match between demand and supply, and accessibility as the strategic objectives of the Flemish housing policy. The Housing Code of the Brussels Capital Region (Article 3) also includes the right to housing. To reach this goal, the code prescribes the pursuit of accessibility, minimum quality and security standards, and a decent living environment. The Walloon Housing Code (Article 2) assigns the regional and other authorities the task to realize decent housing as well as the emancipation and development of individuals and families. Each region has its own administration and institutions to monitor the right to housing and the housing situation in practice. Although the right to housing is the central objective of housing policy, housing policy instruments are not yet in line with these objectives.

3.2 Housing Policy Instruments

Name	Housing benefit
Instrument type	Housing Allowance
Tenures	Rental housing
Description	A range of instruments in Flanders, Brussels-Capital region and Wallonia are grouped under the term 'housing benefits'. They all aim at increasing the net income of private tenants in order to improve affordability and accessibility of decent private rental housing. The three main types are: a) housing benefits encouraging low income groups to move from an unsuitable to a decent home, including moving to dwellings let by social rental agencies in the three regions; b) housing premiums for households on the waiting list for social housing (only in Flanders and Brussels); c) housing benefits for tenants of municipal housing (only Brussels)
Target groups	All housing benefits are targeted to low income groups. Income thresholds differ between regions and the type of instrument.
Policy Formulation	Regional level
Funding	Regional level
Implementation	Regional level
Importance	Flanders (2017): a) The housing benefit was granted to 5,281 new beneficiaries. The total number of beneficiaries was 15,561. A total of € 32,950,839 was paid out. b) The housing benefit for renters on waiting list social housing: New beneficiaries of housing premiums: 4,202. Total number of beneficiaries was 8.619 (in total 1% of households in Flanders). The average premium was € 164.50. The total amount paid was € 17,386,086. Brussels (2014): budget: € 10,585,120
Instrument development	Calculation of the amount and other characteristics have been changed several times.
Name	Mortgage tax relief
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	Several fiscal measures are tailored to homeowners within the framework of the income tax system that may lower the consumption or production cost of housing for specific groups. Mortgage tax relief, which is widely used, for al long time was the most generous and best known tax advantage for owner-occupiers.
Target groups	Owners of private housing
Policy Formulation	Regional level
Funding	Regional level
Implementation	National and regional level
Importance	€ 2.2 billion (2017)
Instrument development	Two systems concerning owner-occupied dwellings had been running until the end of 2015. From 2016 onwards, as a consequence of the 6th state reform, those systems were devolved to the regions. The newest system ('Housing Bonus') has been renewed by each region, while the features of the 'old system' were not changed.
Name	Reduced VAT rate
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing; Rental housing
Description	A reduced VAT rate is valid for several contexts: a) Since 1986, a reduced VAT rate of 6% (instead of the usual 21%) is applied to renovation costs of dwellings. The condition for application has been changed several times since the introduction (mostly concerning the minimum age of the units). Since the year 2000, dwellings needed to be at least five years old. Since 2016, the reduced VAT rate of 6% only applies to private homes with the minimum age of 10 years. b) Since 2007, the same rate applies to demolition and reconstruction of buildings in 32 Belgian cities c) The 6% rate holds for new building by social housing companies. The 12% rate applies to municipal housing. Since 2017, the rate of 12% also applies to private developers building new dwellings let by private rental agencies for a minimum of 15 years. d) Private housing of handicapped persons (6%)
Target groups	a) Not targeted to a specific group b) inhabitants of Belgian cities c) social tenants d) handicapped persons
Policy Formulation	National level
Funding	National level
Implementation	National level
Importance	€ 2 billion (2017)
Instrument development	Mainly the 'age condition' of the dwelling has been changed over the years, as described above. 12% rate for private developers building for social rental agencies for a minimum of 15 years is one of the latest changes.

Name	Reduction of the transfer tax for owner-occupied dwellings
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	In Flanders, there are two levels for transfer tax, namely 7% (for the purchase of an 'own dwelling') and 10% (for any other dwelling and for building land). In case of the purchase of a so-called modest (own) dwelling with a maximum price of € 200,000, the tax has a reduction of € 5,600. In the main cities and the Flemish periphery around Brussels, a special maximum value of € 220,000 was installed. If significant energetic renovation of the own dwelling will be carried out, the tax rate is 6%. An official energy certificate should prove this renovation within a period of 5 years after the purchase. Specific for Flanders is the 'portability' of the paid transfer tax: if one sells a house and then buys a new house, one can deduct part of the paid registration fees in certain cases from the taxes paid for the new purchase. The maximum amount of portable tax is € 12,500. In the Walloon region, the normal rate for the transfer tax is 12.5%. For owner-occupied dwellings, the first € 20,000 are exempt from transfer tax and a reduced rate of 6% is applied on a part of the taxable basis. A dwelling is categorized as 'modest' according to the level of the cadastral income (KI), and the number of children of the buyer. The advantage of the reduced rate is limited to a certain amount that differs between the municipalities. That amount is indexed annually. The normal rate (in principle 12.5%) remains applicable to the part of the tax base that exceeds the maximum amount. These maxima differ depending on whether the property is located in an area with 'real estate pressure' or outside such an area. Every two years a list is made up of municipalities belonging to the 'pressure area'. In the Brussels region the transfer tax for the purchase of a dwelling is 12.5%. For owner-occupied dwellings with a selling price below € 500,000, the first € 175,000 are exempt from tax. In case of buying land, the maximum price is € 250,000 and the exemption € 87,500.
Target groups	Owners of private housing
Policy Formulation	Regional level
Funding	Regional level
Implementation	Regional level
Importance	Flanders: € 0.4 million
Instrument development	The rates of the Flemish transfer tax changed a couple times since the introduction of this instrument. The latest changes have been made in 2018, when the transaction tax in Flanders was reformed.
Name	Reduction of property tax
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing; Rental housing
Description	The annual property tax in Belgium is charged to all owners. It is a percentage of the Cadastral Income ('KI', estimated rental value) and is charged by the regions. The rates are a combination of the general regional rate (for Brussels, Wallonia and Flanders) and the local municipality rate. There is no harmonised level, so the rates vary from region to region and from municipality to municipality. Reductions are possible if the KI is very low, or for certain target groups.
Target groups	Reductions are possible for persons with disabilities for dependent children, for social housing and for war victims.
Policy Formulation	Regional level
Funding	Regional level
Implementation	Regional level
Importance	
Instrument development	
Name	Premiums for renovation
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing; Rental housing
Description	Under this title several premiums available in Flanders, Wallonia and Brussels are grouped, which all provide financial support and aim at improving housing quality
Target groups	The target groups differ for the different premiums. Common attributes used are income, age, disability and tenure. Wallonia also has a specific premium for owners or tenants of housing units located in an area of the Permanent Habitat Plan (aiming at people who permanently reside in tourist-oriented equipment located in one of the 26 communes adhering to the plan).
Policy Formulation	Regional level
Funding	Regional level
Implementation	Regional level
Importance	Flanders: 35,657 (new) beneficiaries in 2017 Brussels (2014): Renovation premium: 1,448 recipients, budget: € 9,342,935; Premium façade renovation: 450 recipients, budget: € 807,009
Instrument development	In Flanders, the described renovation premium is the integrated version of two other premiums that existed before. The main change is that the level of premiums for low-income households increased, while it remained the same for higher income households.

Name	Exemption gift tax on real estate
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	The rates of the gift tax on real estate (and on movable property) are a competence of the regions and therefore vary between them. In each region, these rates are progressive, which means that they increase according to the tax brackets, however brackets vary according to the region.
Target groups	Owners of private housing
Policy Formulation	Regional level
Funding	Regional level
Implementation	Regional level
Importance	n. a.
Instrument development	Changes to the Flemish and Walloon system were made in 2015, including a change in rates and brackets leading to lower taxes. A similar change was introduced in the Brussels region in 2016.
Name	(Subsidised) Social mortgage loans
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	The measure is aimed at tenants that do not possess a property and homeowners who want to refurbish. In order to qualify for the social loans, a maximum worth of the property as well as the maximum (taxable) income is set, which varies according to household composition and also between the three regions. In each region, the respective lender checks whether the financial capacity is sufficient to repay the loan.
Target groups	In each of the three Belgian regions, the measure is aimed at low and middle income tenants that want to become a homeowner and at homeowners that want to renovate their home.
Policy Formulation	Regional level
Funding	Regional level
Implementation	Regional level
Importance	n. a.
Instrument development	In the Flemish region the two systems were harmonized in 2014. For instance, the income limits, eligibility conditions and rent calculation were aligned.
Name	Guarantee for (not subsidised) social mortgage loans (Fl)
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	Government guarantee
Target groups	People who find it difficult to obtain an affordable loan from a bank (but no income thresholds)
Policy Formulation	Regional level
Funding	Regional level
Implementation	Regional level
Importance	
Instrument development	Will be abolished in Flanders
Name	Insurance against loss of income for homeowners with a mortgage (Fl, Wal)
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	In the Flemish region, anyone who takes out a mortgage loan for buying, building or renovating a home and has been at work without interruption for a year preceding the application to obtain the insurance can insure himself/ herself free of charge with the guaranteed insurance against loss of income due to sudden unemployment or incapacity for work for ten years. If one becomes involuntarily unemployed or unable to work during that period, one can receive an allowance for the repayment of the mortgage loan after a waiting period of three months and for a maximum of three years. In case of incapacity for work, the insurance company reimburses up to a maximum of € 6,000 a year for maximum 3 years. Loans for refinancing and bridging loans are not eligible. In Wallonia, an insurance exists against loss of income which allows the partial repayment of the mortgage if one loses its job or if one is unable to work. The mortgage may be taken out to buy, build or renovate the home. The insurance company reimburses a part of the mortgage loan, up to a maximum of € 6,200 a year for a maximum of 3 years over a period covering the first 8 years of the mortgage loan. In the Brussels capital region this type of insurance does not exist.
Target groups	Owners of private housing with a mortgage
Policy Formulation	Regional level
Funding	Regional level
Implementation	Regional level
Importance	Flanders: € 9 million per year
Instrument development	No developments over the past ten years

Name	Social housing
Instrument type	Subsidised housing
Tenures	Owner-occupied housing; Rental housing
Description	Social housing in Belgium is provided mainly for rent. Flanders and Wallonia also provide social housing for sale, but compared to rental housing the share remains limited. In Flanders the most important subsidies for social housing for sale were abolished some years ago. However, some housing associations still sell affordable dwellings and also municipalities (and in Brussels the CityDev, the Fonds du Logement and the CLTB) sell affordable housing to certain groups.
Target groups	Lower and middle income groups; specific projects can be targeted towards specific groups, as handicapped persons, elderly etc.
Policy Formulation	National, regional and local level
Funding	National, regional (mainly) and local level
Implementation	Local level
Importance	Flanders: 160,000 households are living in social rental housing (6% of households); 10,000 households are living in a dwelling from a Social Rental Agency (SRA); SHA are authorised to invest € 0.9 billion in 2019 + several other subsidies and tax incentives for SHA- and SRA-dwellings Wallonia: The social rental dwelling stock in Wallonia is 101,000 dwellings. Brussels: The dwelling stock of Social Housing Associations (SHA) is 40,000 dwellings; SRA's together manage about 7,000 dwellings (2020).
Instrument development	Most important policy decisions concerned increased investments. Temporary contracts were introduced for example in 2017. In Flanders in 2014, maximum income limits were increased. Flanders announced changes of the allocation system of social rental housing and the merges of SHAs and SRAs in the years to come.
Name	Private rent legislation
Instrument type	Rent regulation
Tenures	Rental housing
Description	Compulsory legal framework that shapes the most (important) rights and duties in the tenant-landlord relationship. E.g. regulations regarding duration of contract, notice periods, housing quality standards, renovation, maintenance and repairs, alterations of the dwelling, index clauses, rent increases, utility charges, guarantee deposits, etc.
Target groups	In general, no specific target groups. Both Wallonia and Brussels recently introduced a system of rental agreements in which three parties (the landlord, the tenant and a welfare organization) are involved. This type of agreement aims to enhance the position of target groups (non-identified in the rental legislation) on the private rental market, as the welfare organization will provide assistance to the tenant and guarantee the contractual duties to the landlord.
Policy Formulation	Regional level
Funding	Not relevant
Implementation	Private individuals
Importance	n. a.
Instrument development	For decades, a series of temporary rent legislation was used to curb inflation. These temporary measures included rent regulation and/or a limitation of rent increases to a maximum, combined with the prolongation of the existing agreements in order to ensure security of tenure. The private rental sector could consequently be defined as a free market that was interrupted at irregular intervals through government intervention, with an unstable legal framework as a result. In 1991, the 'House Rent Act' was introduced at federal level. One of its main goals was to create a stable and balanced rent legislation. At national level, no major amendments have been made ever since. In 2014, the competencies regarding private rent legislation were transferred to the regions. Recently, all three regions adopted their own legislation.
Name	Regulation of housing quality
Instrument type	Housing quality
Tenures	Owner-occupied housing; Rental housing; Hybrid/mixed tenures
Description	Minimum housing quality standards were introduced in the housing codes of Flanders, Wallonia and Brussels. Infringements on the Flemish legislation may be sanctioned via administrative and criminal procedures. This procedure is only applicable to landlords (and real estate agents) who let properties which do not meet the housing standards. Similar measures exist in the Walloon and Brussels Capital region. The regional housing codes have provided the means to tackle substandard housing by public authorities (regional and/or local). Yet, housing quality remains a problem, especially in the private rented sector.
Target groups	In all three regions, the main body of the quality standards are applicable to all housing stock. Enforcement of the housing quality standards mainly focuses on the rental market.
Policy Formulation	Regional level, limited alterations are possible on local level
Funding	Regional level
Implementation	Regional level
Importance	n. a.
Instrument development	The housing quality standards as well as the enforcement regime have been changed in Flanders, yet these alterations are rather limited than broad in scope. A trend is to transfer more and more responsibilities (and tasks) from the regional to the local level.

Name	Incentives for energy saving investments (premiums and fiscal benefits)
Instrument type	Energy-related instruments
Tenures	Owner-occupied housing; Rental housing
Description	Under this title a range of (rapidly changing) financial incentives (premiums, loans and tax incentives) are grouped in the three regions, which aim at stimulating energy saving investments.
Target groups	Most instruments are not targeted to specific groups, but aim at making energy saving investments in insulation, heating systems and renewable energy sources more attractive in general. There are some additional instruments targeting low income groups or vulnerable groups (only Flanders). Certain type of households can receive higher subsidies (Brussels). Premiums may also be dependent on income (Wallonia). Instruments are mostly not targeted to a certain tenure; in most cases, owner-occupiers as well as tenants and private landlords are eligible. For social housing companies, there are additional financial programs which aim at speeding up the level of energy renovations.
Policy Formulation	Regional level
Funding	Regional level in collaboration with energy distributors
Implementation	Regional level
Importance	n. a.
Instrument development	It is typical for these instruments that they are rapidly changing. The past ten years many instruments were introduced and later abolished or integrated in other instruments.

3.3 Reform trends

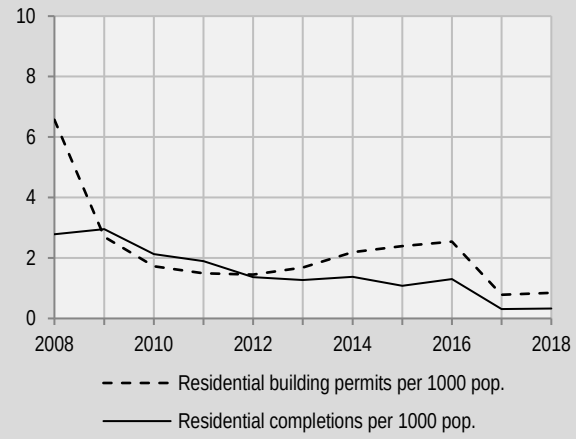
The most important reform regarding Belgian housing policy has been the reform in the fiscal treatment of owner-occupied housing. In 2014, as part of the sixth reform of the state, the competence for tax benefits (mortgage tax relief) for owner-occupied housing in personal income tax was transferred from the Federal State to the Regions. However, budgets were transferred only at the level of 2014, while budgetary costs were expected to increase dramatically over the following years. Moreover, research showed the ineffectiveness and the adverse distributional effects of the so-called 'Woonbonus'. For these reasons, the Flemish government decided to reduce the 'Woonbonus' for new loan contracts by a third and replaced the deduction at the marginal tax rate by a deduction at a flat tax rate of 40%. Reforms in the Walloon and Brussels Regions followed in the years thereafter. In 2017, the Brussels Region transformed the Woonbonus into an exemption in transfer tax. The Flemish Region completely abolished the Woonbonus in 2020. The sixth reform of the State also included the transfer of competences for private rental legislation to the regions, but this did not lead to significant changes in tenancy law. The growing range of instruments aiming at stimulating energy efficiency over the past ten years is also notable. Several new premiums were introduced as well as incentives in taxes.

Bulgaria

Population (million, 2018)	7.05	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	21.0	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	5.61	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	29.6	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	110,370	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	2.2	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	63.9	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	6,550	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	68.1	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	n. a.	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	44.1	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	32.8	EUROSTAT, series t2020_50

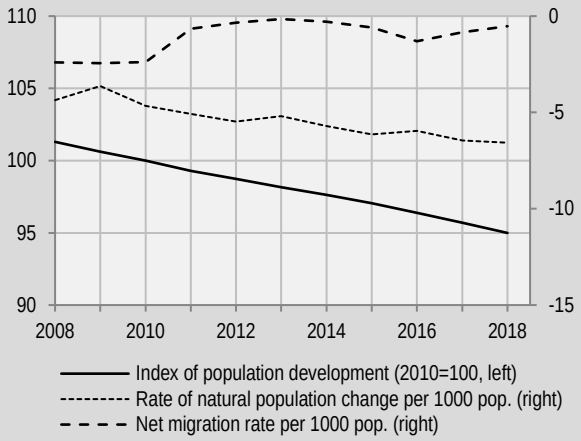
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



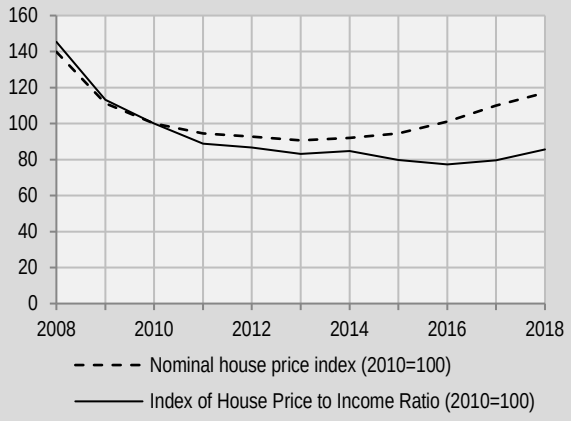
Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Population Development



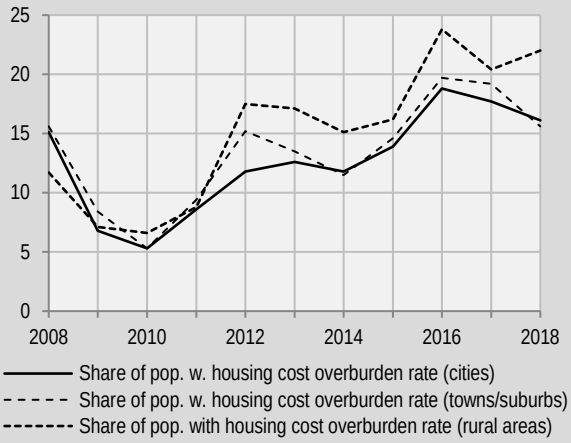
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Sasha Tsenkova has been involved as national expert.

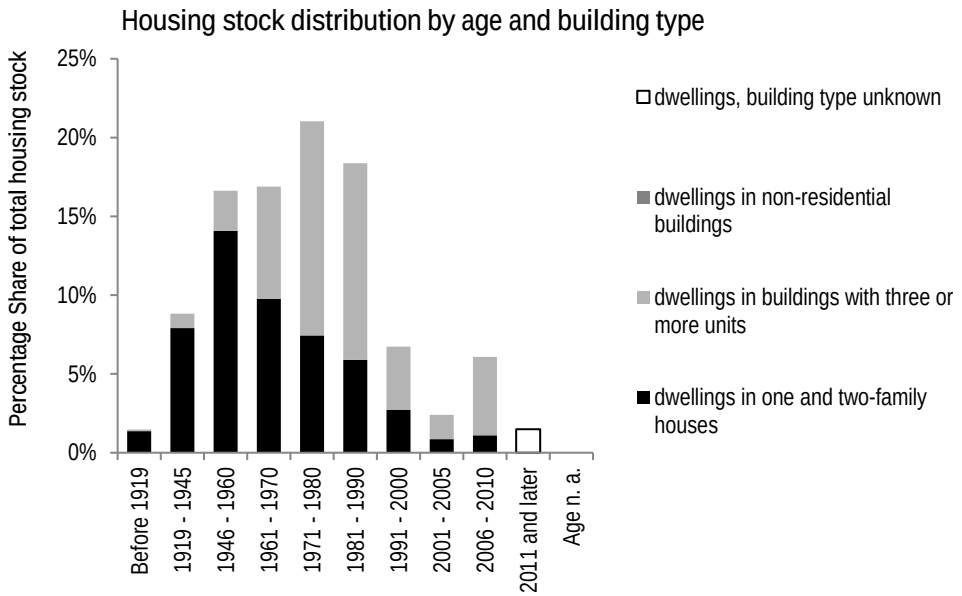
1 Governance structure

In Bulgaria, several levels of government are involved in housing policy. The responsibilities for the different areas are shared between the national, the regional, and the local level. At the national level, several ministries deal with housing policy. The Ministry of Regional Development and Public Works (MRDPW) is responsible for the national housing policy. It organizes the implementation of projects and programs related to renovation and energy efficiency improvement of residential buildings and is responsible for the general regulation of construction through the Spatial Planning Act (APS). Furthermore, it regulates the management of multi-family residential buildings through the Condominium Management Act and works towards improving the residential conditions of the Roma population. The Ministry of Labour and Social Policy is responsible for the social aspects of the national housing policy, i.e. the provision of heating allowances to poor and vulnerable households. The Ministry of Finance deals with the implementation the state's obligations and taxes policy and, together with the Ministry of Economy, the real estate loans law, including housing credits. The Ministry of Energy is responsible for the Energy Efficiency Act. The National Construction Control Directorate (NCCD under the MRDPW) is an important actor in Bulgarian housing policy and works at three different levels – national, regional and local. At the national level, it exercises control over compliance with the Spatial Planning Act (APS) as well as its implementing regulations concerning design and construction works, including the use of quality building materials and other products to ensure the security, safety, accessibility and other requirements for construction works. At the regional level, the district (Regional – NUTS 2) governors implement the state policy for spatial development in their respective region under article 4 of the Spatial Development Act. They also appoint the regional expert council for spatial development and organize its actions. The NCCD also has regional branches that monitor the lawfulness of submitted construction paperwork as well as the execution of constructions. The Agency for Social Assistance (ASA) implements the national policy on social assistance and carries out the Winter Supplement Program providing heating benefits for vulnerable groups. The agency operates also at local levels (NUTS 3) through their territorial branches. At the local level, municipalities (LAU 2) and district governors (NUTS 3) are free to organize themselves. In most cases, they have a housing department or responsibilities are shared between several parts of the administration. Local branches of the NCCD and the ASA operate under the control of their unit heads. While municipalities have acquired many housing responsibilities, most of them do not have any housing development programs and/or housing departments. Where municipal rental housing exists, management is often assigned to general departments managing all municipal assets. At the national level, the responsibility for housing policy in Bulgaria has remained broadly related to spatial development, regional growth management, and the definition of local government functions. In 2013, the activities of the Housing Policy Directorate were divided between two former ministries, which were restored in 2014 under the Ministry of Regional Development and Public Works, bringing together the housing policy responsibilities of the two old directorates. Despite this horizontal shift in responsibilities, the Ministry of Regional Development and Public Works (MRDPW) continues to collaborate with the Ministry of Finance and the Ministry of Labour and Social Policy to ensure funding for a limited number of housing programs. Housing policy in Bulgaria has only seen slight vertical shifts between levels of government transferring more responsibilities to the municipalities. Moreover, a more decentralized implementation of the new Housing Strategy is envisaged, where Municipal Housing Programs are expected to become a key element of the housing system.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The distribution of construction periods of the Bulgarian housing stock shows a typical pattern of ageing societies with large shares of the stock being built in the post-war decades, and little additional activity afterwards. In the case of Bulgaria, a partially large share of housing has been built in the 1970s and 1980s due to urbanization trends. New construction after 1990 represents about 15% of the total stock. About 52% of the stock is in single-family houses. Housing types differ substantially by region. Less than 5% of the urban population live in single-family houses compared to more than 80% of the population in rural areas. Bulgaria was one of the post-socialist countries most dramatically affected by the transition to a market-based system of housing production. Although, compared to other post-socialist countries, homeownership rates were high even during the socialist period, a lot of the housing in urban centres was produced by state industrial enterprises, which were closed down in the 1990s. A modest recovery in housing construction since 2000 has added less than 10% to the overall housing stock, mostly in the form of mid-rise apartments. Most of the urban housing stock consists of multi-family apartment buildings using a panel construction system, of which the vast majority has been built in the 1970s and 1980s by state enterprises to respond to migration waves to cities. Even though some buildings are not even 40 years old, poor initial quality and a lack of maintenance has shortened their lifecycle. They are also energy-intensive, aggravating the issue of energy poverty for a large share of their low-income residents. Therefore, this housing sector is the preferred target for national and EU- funded refurbishment policies.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: EUROSTAT, National Statistical Offices, European Mortgage Federation (calculated from dwelling stock data 2018)

2.2 Housing tenures

The composition of housing tenures in Bulgaria shows the typical characteristics of post-socialist transformation countries with a dominant owner-occupation sector and a smaller, partly informal rental sector including rent free use and shared tenures/subletting. Since condominium owner-occupation was common in the pre-1990 periods, the high share of owner-occupation does not reflect privatization results. Homeownership at the start of the transition was 84%, while today 97% of the housing is privately owned. Social subsidized rental housing for vulnerable groups is marginal at about 3%--mostly associated with municipal housing.

Typical characteristics of tenures in Bulgaria		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Various forms of ownership, co-ownership, condominium ownership and other real rights regulated by the Ownership Act (1951). Rights include acquisition, loss and protection, expropriation of property for state and municipal needs, as well as possession and recording. Ownership may belong to the state, municipalities, co-operatives and other legal entities as well as individuals.	Large share. Total owner occupation rates are above 80%. Figures may vary depending on the accounting for vacant buildings and subletting/unknown status of tenure, e.g. census data show only less than 60% of the stock inhabited by owners)
Flat ownership/condominium	Owner occupation within shared ownership includes the rights of use and enjoyment of a single condominium. Co-owners participate in the common property in proportion to their respective share. Decisions regarding the whole property need a joint decision within the general assembly of the condominium or the owners' association	large share (almost 50% of the dwellings are under condominium management, independent from their occupancy status)
Cooperative owner-occupation	Residual tenure resulting from a former socialist era model for state supported housing provision for eligible households with a rent-to buy/lease mechanism to reduce equity needs. After construction, dwellings can be regarded as condominiums.	no data available
Other		
Rental tenures		
Market rate private/commercial rental tenures	Regulations in general Civil Law as well as in the Obligations and Contracts Act. If letting is a commercial activity, the maximum duration of the contract can also be regulated under the Commerce Act.	small share (estimated ca. 5% of dwellings are market rate rental tenures)
Public rental tenures	see subsidized/social category	
Subsidized below market and/or privileged access rental tenures	Municipal housing is regulated under the Municipal Property Act). General subsidized housing may be provided by any type of public and private organisation. Eligibility for subsidized housing is based on household income limits and the urgency of housing need. Municipal rental housing is organised by the municipal administration, while housing needs and rent setting are established in an ordinance adopted by the municipal council following the Ordinance on terms and conditions for establishment of residential needs of citizens.	Niche (less than 3% of dwellings are municipal social dwellings, with steadily decreasing numbers).
Other privileged access tenures		
Other rental tenures	Informal letting/subletting/free of charge use	About 5% of dwellings are occupied by rent free users and 3% are shared by owners with tenants/ users. Total share of below market rate/free rental tenures are estimated at about 10-15%.

Homelessness, temporary and informal housing		
Homelessness		Estimated at about 860,000 people in total in 2016. Roofless: about 52,000, houseless: about 360,000 people
Asylum accommodation	No information	estimations not available
Informal housing	Relatively large share of Illegally constructed and informal housing, partly with legalisation. Mostly attributed to Roma population.	estimations not available

Source: expert survey, based on EU-SILC, Census 2011, World Bank (2017): Analysis of the State of Housing, Assessment of the Housing Sector in Bulgaria 2017, expert estimates

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

Owner-occupied housing is the prevailing tenure in Bulgaria. All social groups are represented in ownership tenures. In rural areas, house ownership is usually the most common tenure. Single-family houses are predominant in rural and semi-urban areas. Single-family houses are predominant in rural and semi-urban areas. Generally, quality level may be low, due to low building quality and poor connection to infrastructure services (piped water and sewer). Shared ownership is primarily associated with multifamily-houses in urban areas. The social mix in owner-occupied housing is a legacy of the socialist allocation/access policies and limited housing construction over the past two decades. Crowding in urban areas is common, while the dwelling stock in rural areas shows large shares of vacant or underused housing. National, EU-funded programs addressing problems of owner-occupied housing mainly target energy efficiency retrofits and overall quality improvements. Besides, there are other demand-side measures, which also benefit owner-occupants, such a heating allowance, property tax relief and mortgage interest deductions. There has been no substantial change in the development of owner-occupied housing tenure shares over the past ten years, but continuous market driven adjustment depending on housing choice along income and social status.

Rental tenures

While market rental tenures are associated with high- and medium-income households, social subsidized rental housing is in most cases associated with vulnerable households. 12.6% of dwellings are categorized as rental: 4.4% are occupied by tenants (who pay rents); 4.9% are occupied by „users" (without rent); and 3.3% comprise dwelling units in which owners share the units with tenants or users. In urban areas, the total share of housing stock with renters/ sharers/ users is 16.2%, while in rural areas it is 5.4%. The evolution of rental tenures is related to affordability constraints in the housing market and the intergenerational transfer of housing to family/extended family members who might be living rent free with the option of augmenting their income subletting a room in the dwelling. Due to the increase of housing costs relative to income levels in recent years, more than a third of young adults are unable to afford housing and continue to live with their parents or other family members. Overcrowding, potential cut offs from electricity and water and general housing insecurity levels are increasing. Students face significant constraints in the private rental market, but renting in subsidized student accommodation is affordable. In Bulgaria, there is limited attention to the housing sector in general and the rental housing sector in particular. Some small-scale housing initiatives attempt to address the shortage of municipal rental housing, but these are not systematically supported at the national or EU level and the opportunity to scale them up remains limited. Due to limited new construction and ongoing urbanization processes, private renting and shared use of owner-occupied housing (subletting) has grown and is likely going to increase in the future.

Homelessness, informal and temporary housing

Estimates show strong increases in homelessness numbers in recent years (25%-30% between 2014 and 2016). There is no data available on people living in shelters or people sleeping rough. Informal or illegal housing has increased in the last decade, with people living in poor quality housing with inadequate infrastructure. The situation is particularly precarious for minorities (Roma), with more than 90% of Roma categorized as poor. In many cases, informal settlements are former peripheral neighbourhoods that accommodated minorities (Roma) under socialism, which have grown to accommodate many other new migrants to the city. While some settlements have gone through a process of legalization acquiring a Tolerance Certificate, there is a lack of proactive interventions for poor and vulnerable communities focused on social housing and regularization. The lack of both public and private investment in low-income areas has resulted in spatial, social and housing exclusion in which low-income groups are marginalized.

Providers of Housing Services

Most of private rental housing is supplied by private landlords, while subsidized housing is supplied through public bodies (municipalities). Due to the small and decreasing overall share of municipal housing, only about two third of municipalities offer this type of housing.

2.4 Housing Issues

General challenges

With regards to domestic migration, ongoing strong migration flows towards Sofia and Varna from all provinces are increasing regional disparities, while migration from abroad is not an essential challenge in Bulgaria. In terms of demographic changes, the ageing population and shrinking household sizes are of the most concern. Bulgaria has experienced a dramatic population decline of 20% between 1989 and 2017. This is mostly due to emigration, but also lower birth rates and a rapidly aging population. If these trends continue, the population of Bulgaria is expected to decline to about 5.5 million by 2050. Energy and climate related issues have influenced national government programs in the housing sector since 2007. National programs mainly target energy efficiency retrofits in owner-occupied condominium housing.

Accessibility, affordability and availability problems

The Bulgarian housing provision system shows growing affordability constraints in the rental as well as in the ownership sector in urban markets as well as overcrowding, housing deprivation for low income and vulnerable groups and market inefficiencies. With a third of the housing stock being vacant and withheld from the market as well as limited growth in housing investments, housing quality and the flow of housing services will continue to deteriorate. Housing and energy poverty are a major issue for low income households. Access to owner-occupation is market driven and based on income, which means that differences in economic power between major ethnic groups are also reflected in housing outcomes. Higher poverty rates and deprivation of ethnic minorities suggest growing and predictable inequalities in owner-occupied housing consumption. Due to rising house prices, especially in metropolitan areas, lower and middle-income groups also increasingly encounter affordability problems in Bulgaria. Regarding the private rental housing sector in Bulgaria, accessibility constraints are related to social groups who might face explicit or implicit discrimination by landlords. Ethnic minority households face regulatory barriers to access subsidized rental housing as a proof of housing need is required, which they may not have available in case of current informal renting or cohabitation. The shortage of rental housing manifests in a high overcrowding rate (82%) in this tenure. The 2015 Household and Budget Survey indicates that a third of tenants living in market-rate housing and 16.6% of those living rent-free or in subsidized housing face a housing cost overburden. People with disabilities face significant problems on the owner-occupied market as well as in market rental housing. As refurbishment schemes are lacking behind, a major part of the housing stock does not meet universal access standards and the provision of support services for people with physical and mental disabilities.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

As the Bulgarian housing system is dominated by private ownership with a large owner-occupied sector, housing policy in Bulgaria focuses on the provision of owner occupation. The National Housing Strategy (NHS) states that accommodation lies within the responsibility of the individual, while the provision of housing opportunities is the responsibility of the market, the state and the municipalities. Bulgarian housing policy stipulates that the main obligation of the state is to create good conditions for efficient and sustainable housing as well as land and credit markets in order to protect interests and to provide opportunities for the participation of vulnerable groups on the market. Housing policy is not a very important policy field in Bulgaria. The focus is on an overall harmonization of the regulatory framework to ensure the operation of housing markets and more recently to improve energy efficiency. The previous NHS had been in force from 2004 to 2014. Its guiding principles are informing the new National Housing Strategy. As far as market housing for rent is concerned, it is considered that the insurance against illegal behaviour of tenants will be introduced in order to better protect landlords and stimulate the provision of housing, which currently remains uninhabitable. While national ministries and especially the Ministry of Regional Development and Public Works play the most important role in Bulgarian housing policy, larger cities also have an impact on housing policy in Bulgaria. Some of the large municipalities have taken the lead in housing initiatives and/or moved forward with small pilot projects under broader sustainable development programs. A redistribution of responsibilities between the state and municipalities as well as between all stakeholders is envisaged as part of the new NHS.

3.2 Housing Policy Instruments

Name	Social assistance for municipal housing rents
Instrument type	Housing allowance
Tenures	Rental housing
Description	The instrument aims at providing housing for vulnerable groups in the certain municipalities as well as non-geographically defined groups such as minorities as well as socially and otherwise disadvantaged people. The provision of social housing is regulated under the Municipal Property Act. The definition of „persons with housing needs" is subject to uniform criteria for Bulgaria, while the provision of social housing is decentralized. The rental homes are typically subsidized by the responsible municipality.
Target groups	Lower income and vulnerable groups; minorities and (socially) disadvantaged groups
Policy formulation	Regional and local level
Funding	Regional and local level
Implementation	Regional and local level
Importance	n. a.
Instrument development	No developments over the past ten years
Name	Social assistance for heating costs (Winter Supplement Program)
Instrument type	Housing allowance
Tenures	Owner-occupied housing
Description	According to the regulations on energy allowances, heating aid is granted to individuals and families who do not exceed a certain threshold of the „minimum heating income". People must also be eligible according to the conditions named in the Regulations on the Application of the Social Assistance Act. In reports by the World Bank (2007, 2009 Bulgaria: Social assistance programs) Bulgaria has been lauded for its effective targeting approach. Energy allowances have reached 66.8% of the poorest 20% of the Bulgarian population in 2009.
Target groups	Low-income owners of private housing; main beneficiaries of energy allowances are elderly, people with disabilities and children without parents
Policy formulation	National level
Funding	National level
Implementation	Local level (through the Agency for Social Assistance)
Importance	n. a.
Instrument development	Introduced in 2008; no significant developments since

Name	Tax relief for first time buyers
Instrument type	Subsidies for homeowner and homebuyers
Tenures	Owner-occupied housing
Description	Tax relief under the Income Taxes on Natural Persons Act allows for a deduction of mortgage interest from the taxable annual income to improve accessibility and affordability for first time buyers.
Target groups	First time buyers of private housing (especially young families) buying their first home with a mortgage
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	n. a.
Instrument development	Relatively new instrument
Name	Property tax relief for homeowners
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	According to the provisions of Art. 25 of the Local Taxes and Fees Act, a property tax deduction of 50% is granted for the main residence. For persons with reduced working capacity between 50% and 100%, a property tax deduction of 75% is granted for the main residence.
Target groups	Owners of private housing
Policy formulation	National level
Funding	n. a.
Implementation	National level (Income taxation administration)
Importance	
Instrument development	New introduced instrument
Name	Operational Program „Regions in Growth" 2014-2020 (OPRG 2014-2020)
Instrument type	Subsidised housing
Tenures	Owner-occupied housing; Rental housing
Description	The program is co-funded by the European Union through the European Regional Development Fund; Priority Axis 1/ investment priorities 9a and 4c. Financing of single-family dwellings is only possible by utilizing low interest rate loans, which are usually granted by intermediaries. Only buildings constructed before 1999 are eligible. For municipalities, this instrument is the sole funding opportunity for building new social housing.
Target groups	Energy efficiency improvement schemes: home owners in multi-family and single-family residential buildings, as well as publicly owned buildings; Schemes for constructing social housing: low-income and vulnerable groups
Policy formulation	National level
Funding	National level (15%) and European Regional Development Fund (85%)
Implementation	National and local level
Importance	n. a.
Instrument development	The implementation status is unclear
Name	National Program for Energy Efficiency of Multifamily Residential Buildings (NEEP)
Instrument type	Energy-related instrument
Tenures	Owner-occupied housing; Rental housing
Description	Since 2007, several energy efficiency programs for residential buildings have been introduced. The NEEP is the largest housing program (€ 1 billion in 2015/16). Under this program, financial and technical assistance is provided to Housing Ownership Associations registered under the Condominium Law with the aim of improving the energy efficiency of buildings. The grant covers 100% of retrofitting works based on an application of the association. Investments may also focus on measures required for seismic safety.
Target groups	Homeowners in multi-family residential buildings, independent from tenure type
Policy formulation	National level
Funding	National level
Implementation	Regional and local level
Importance	n. a.
Instrument development	Program launched in 2015; amendments to subsidy coverage; completion of activities under the current phase of the program expected by end of 2019

Name	Incentives for energy saving investments (tax exemptions)
Instrument type	Energy-related instrument
Tenures	Owner-occupied housing; Rental housing
Description	Tax incentive (tax exemption), which aims at stimulating energy saving investments, incentivizing homeowners to invest in energy efficiency measures. The tax exemption does not apply if the renovation relies on public funds (e.g. renovation programs funded with EU or national budget money).
Target groups	Homeowners who have already invested own resources or have already received a bank loan for the improvement of the energy performance of their building or dwelling
Policy formulation	National level
Funding	n. a
Implementation	Local level
Importance	n. a.
Instrument development	Amendments to the setting of minimal energy requirements after energy renovation

3.3 Reform trends

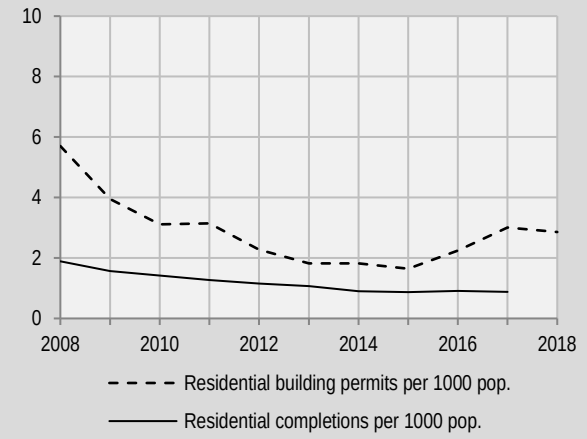
In the beginning of 2019, the Ministry of Regional Development and Public Works (MRDPW) started a process of making amendments to the Condominium Management Act, proposed by several NGOs and homeowners' associations, to improve the regulation of properties under condominium management, targeting a number of identified problems with the application of the law. The proposed regulation improvements aim at clarifying rights and obligations of owners and users of condominiums and the creation of more effective control and sanction mechanisms.

Croatia

Population (million, 2018)	4.11	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	20.1	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	3.40	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	31.8	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	56,594	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	12.9	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	73.2	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	12,040	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	61.6	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	14,384	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	43.7	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	24.8	EUROSTAT, series t2020_50

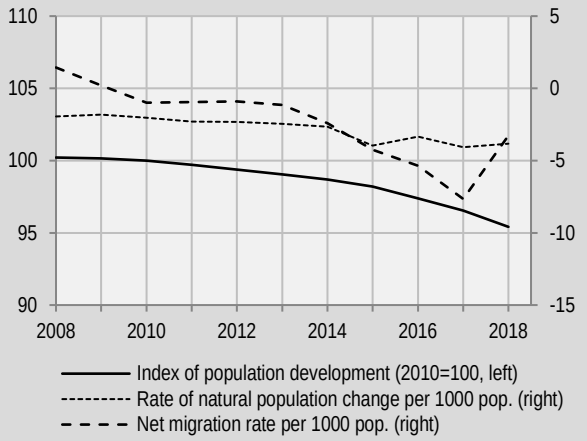
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



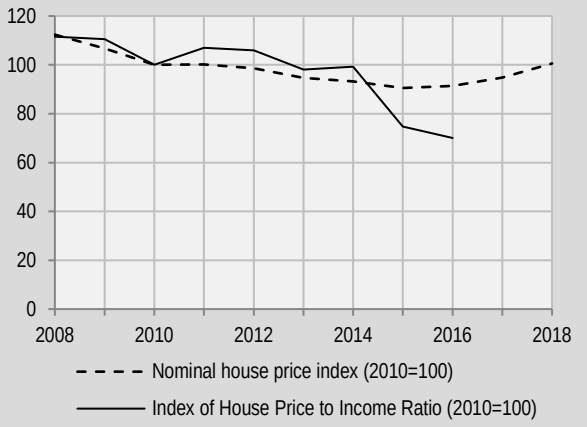
Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Population Development



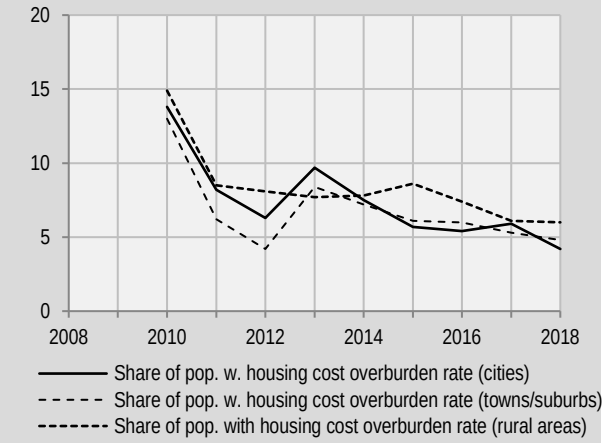
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Gojko Bezovan has been involved as national expert.

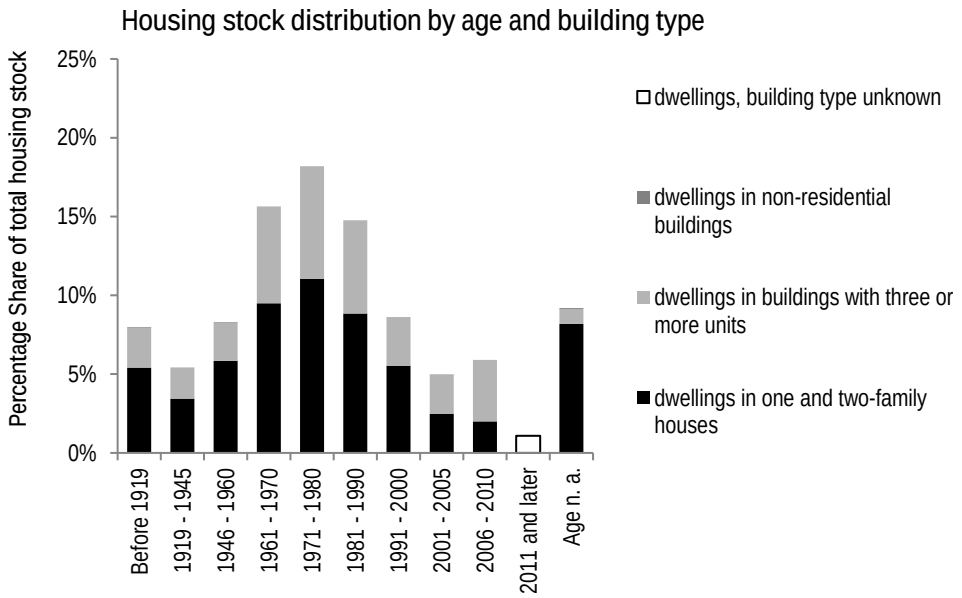
1 Governance structure

In Croatia, several levels of government are involved in housing policy. The responsibilities for the different areas are shared between the national and the local level. At the national level, several ministries deal with housing policy. The Ministry of Construction and Physical Planning is mainly responsible for programs and projects related to ensuring the affordability and accessibility of appropriate housing. Other ministries, whose focus is not housing policy, are responsible for different housing related issues in their respective fields. The Ministry for Demography, Youth, Family and Social Policy is responsible for the regulation of housing allowance and accommodation of homeless people, while the Ministry of Regional Development and Funds of European Union is responsible for Housing programs for assisted and demographically endangered areas. The Ministry of Veterans provides support for housing accommodation of this vulnerable group. The Ministry of Finance mainly deals with tax related housing policy issues and the premium for housing saving. The programs are implemented by the State Agency for Transactions and Mediation in Immovable Properties (APN), which is a public institution under the management of the Ministry of Construction and Physical Planning. At the local level, municipalities (LAU2) focus on the implementation of housing policy measures. Municipalities and cities in cooperation with social care centres are responsible for the administration of the housing allowance. In most cases, responsibilities for housing related topics are shared between several parts of the local administration, but some larger cities have housing departments. Some larger cities also have their own social and public rental housing programs. In the past ten years, the responsibility for housing policy in Croatia has neither shifted horizontally at the national level, nor vertically between levels of government.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The age distribution of the housing stock in Croatia shows a small share of older buildings from the pre-war period. The largest share of dwellings, especially in multi-family houses, stems from the 1960s to 1980s. Large parts of this stock, especially where prefabricated construction elements were used, suffer from inadequate thermal qualities and technical installations. New construction after 1990 represents about 30% of the total stock, with about 126,000 war-demolished dwellings rebuilt in recent years. After the Great Financial Crisis, a steady decline of new residential construction can be observed. Regional housing types differ, with less than half of the urban population living in single-family houses, while in some rural areas 95% of the population lives in single-family houses. About two thirds of the dwelling stock is in houses with one or two dwellings. Refurbishment policies promote an increase of energy efficiency and general retrofit investment in Croatia. Furthermore, there is a lack of barrier-free accessibility in the existing housing stock. Actual incentives for refurbishment were only available at the city level, but national policies using EU ERDF funding aim at the further implementing energy efficiency measures especially in multi-family apartment buildings.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: EUROSTAT, National Statistical Offices, European Mortgage Federation Federation (calculated from cumulative housing completions to 2016)

2.2 Housing tenures

The composition of housing tenures in Croatia shows characteristics of a relatively dominant owner-occupation sector. A share of about 90% of all dwellings is associated with owner-occupation, most of it as full ownership, and the remaining share with rental tenures. Only about 5% of renting is associated with market rate rent setting. The social rental sector is rather small comprising about 2% of all dwellings.

Typical characteristics of tenures in Croatia		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	The right of ownership is defined as a property right on a particular object. The owner's rights include possession, use, utilisation and free and unlimited disposal of any kind.	very large share (ca. two third of all dwellings)
Flat ownership/condominium	The right of ownership is ideally divided into fractions (individual shares). Each co-owner can dispose of (sell, give away or bequeath) his fraction individually. Decisions regarding the whole property need joint decision within the condominium association. Owners pay only low maintenance fees and this part of the housing stock is mainly in bad condition.	medium share (ca. one quarter of all dwellings)
Cooperative owner-occupation		
Other	Habitation can take two forms: usus right or usufruct right. The primary form is usus right. If the right to use stretches over the whole substance of the dwelling, the habitation right holder becomes usufruct right holder. In such cases the holder of usufruct habitation right has a right to sublet the apartment or dwelling (and the right to collect rent).	niche, estimations not available
Rental tenures		
Market rate private/commercial rental tenures	Market based letting in Croatia is to some extent a part of the grey economy, given the large demand for private rental housing evident in large cities. Initial contract rents are market rents and subject to individual bargaining.	small share (ca. 5% of dwellings)

Special regulation regimes	Households with housing rights in private flats from the socialist period, in the 1990s converted into the status of protected tenants with very low rent levels. If their status as protected tenant ends, they receive state subsidies for five years in order to smooth transition to market rents. Furthermore, protected tenants have the right to pre-empt publicly owned flats, the purchase or rent of flats from the POS program, preference access for subsidizing housing loans and the preference for admission to homes for the elderly and the disabled.	niche, (ca. 3,700 tenants)
Public rental tenures	City of Zagreb public rental housing program for medium-income families who are both not eligible for social housing and cannot afford bank loans. Public rental rents are affordable but more sustainable than in social housing. Eligibility criteria are minimum income level, family size and affiliation to specific priority groups, e.g. disabilities or institutional affiliations, e.g. academic.	niche (City of Zagreb: ca. 1,300 public rental units)
Subsidized below market and/or privileged access rental tenures	Residual share of small, and mostly poorly maintained city owned housing remaining after the privatization and restitution in the 1990s. The Law on Housing Renting from 1996 changed the status into housing with protected rent. Eligibility criteria are household income limits and urgency of housing need. Different limits for specific target groups may apply.	small share (ca. 2% of dwellings)
Cooperative rental or similar national specific tenures		
Other		
Hybrid forms, e.g. rent-to-buy schemes	Public rental program with right to buy developed from unsold housing units of the state-subsided housing construction (POS) program	
Homelessness, temporary and informal housing		
Homelessness	Shelters and programs for the integration of homeless people in larger cities.	In total, there are 14 organisations in the country giving service for accommodation of homeless people offering capacities in 395 places.
Asylum accommodation	Refugee camps	not available
Informal housing	Comprises both illegally constructed and informal housing	not available

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

Owner-occupied housing is the predominant tenure in Croatia. Since all social groups are represented in ownership tenures, there are also poor homeowners. In rural and semi-urban areas, house ownership is the most common tenure. Shared ownership in urban areas is usually associated with better-educated middle-income groups, but also lower income groups. The social mix in owner-occupied housing is a legacy of the socialist allocation and access policies and limited housing construction in two larger projects in the city of Zagreb over the last two decades. The privatization policies of the 1990s promoted homeownership as a key national value. This is reflected in homeowner related indirect subsidies, like premiums for housing related savings and transaction tax exemptions for first time buyers. In 2017 government introduced transaction tax of 3% for used housing of first time buyers, while newly built housing are exempt. Tax incentives for first time buyers and for tenants in market rate rental housing were abolished in 2010 due to budget restrictions but partly reintroduced again in 2018. The increase of owner-occupied housing shares slowed down after the Great financial crisis in 2008 as more families were kept from mortgages and financing risks. Given the lack of alternative housing choices, homeownership is still the prevailing choice for family starter households. Investment in housing as real estate asset is seen as a secure option for private saving for well-off private individuals. One additional characteristic of the Croatian housing market is its significant expatriate investment in the domestic property market that may lead to distortions of the market.

Rental tenures

Even though the share of rental housing has decreased in the years before the financial crisis, demand for rental housing is most evident in larger cities. Tenants are typically young households with a demand for temporary housing, e.g. students or migrants from rural areas, but also expats of multinational companies. Rental housing is usually associated with private landlords, and includes subletting of rooms and apartments in single-family houses, often as part of the grey economy. In the aftermath of the economic crisis in 2008, the private rental market has become increasingly competitive, resulting in decreasing prices and a diversification of supply, making renting more attractive if compared to buying, especially for younger people. Given that market rents are considerably higher than social rents, the supply of affordable and good quality private rental housing is still limited. The sector of subsidized housing is challenged by very low rent levels that preclude adequate maintenance and refurbishment. Since rents are below replacement cost levels, cities are further reducing their share of social dwellings by selling to sitting tenants. Construction of new social housing is only observable in a few larger cities. The city of Zagreb introduced a new public rental housing program. Target groups are mainly younger middle-income family households that were restricted from mortgage availability.

Homelessness, informal and temporary housing

The issue of homelessness came to public agenda during the Croatian accession process to the EU. In 2011, the Law on Social Care (OG 57/2011) required larger cities to provide in their budget for food service in public kitchens, as well as provision of accommodation for homeless persons. Reliable data on the number of homeless persons is lacking, based on action-oriented research it is estimated that there are about 2000 homeless people. Additional services for homeless persons are provided by a network of non-governmental social organizations with a total capacity of about 400 sleeping places.

Providers of Housing Services

Most of the private rental housing in Croatia is supplied by private landlords. Private-sector companies are of minor relevance. Landlords are typically owners of family homes and belong to low and middle-income groups. Commercial speculative activity and absentee landlordism are rare phenomena. Subsidized housing is supplied through public bodies or agencies.

2.4 Housing Issues

General challenges

With regards to interior migration, ongoing strong migration flows from all provinces to metropolitan and coastal areas are increasing regional disparities and pressures on urban housing markets. Migration from abroad does not represent an essential challenge in Croatia. During the recent migration waves, Croatia has been a transition country with relatively small numbers of migrants applying for residence. In terms of demographic changes, the ageing population and shrinking households are most concerning. They particularly increase the demand for appropriate housing with services for the elderly. Energy and climate related issues have influenced national government programs in the housing sector only in the most recent years with some small scale programs targeting energy efficiency retrofits in owner-occupied housing.

Accessibility, affordability and availability problems

There is no evidence of accessibility problems regarding the owner-occupied sector of the Croatian housing market. However, home-owners with housing loans recalculated in Swiss Franks have experienced some difficulties and are still looking for a court decision in their favour. Regarding the private rental housing sector in Croatia, accessibility constraints are mainly related to social groups potentially facing explicit or implicit landlord discrimination. Ethnic minority households, for example Roma people, face regulatory barriers in accessing subsidized rental housing, as this requires proof of housing need, which might not be available for households relying on informal renting or cohabitation. The housing provision system shows growing affordability constraints in the rental and the owner-occupied sector of urban markets, as well as overcrowding, housing deprivation for low-income and vulnerable groups and market inefficiencies. Energy poverty is a major issue for low-income households. Moreover, especially in larger cities and metropolitan areas at seaside, finding decent and affordable housing presents a major

challenge. Due to an ongoing tourist boom resulting in a process of „touristification" of parts of the housing stock in some areas, availability problems arise as the housing stock is declining and local housing markets become more competitive. The shortage of rental housing manifests in a rather high overcrowding rate. People with disabilities face significant problems on the owner-occupied market as well as in market rate rental housing. As refurbishment schemes are lacking behind, a major part of the stock does not meet universal access standards and provision of support services for people with physical and mental disabilities. The recent earthquake in Zagreb and the surrounding area of March 2020 produced new homeless families increasing pressure on the government to deal with new and complex housing problems.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

As private ownership with a large owner-occupied sector dominates the Croatian housing, there is no generalized National Housing Policy or Strategy. Housing policy in Croatia perceives housing as an economic good and focusses on the provision of housing opportunities. Therefore, housing policy is of little relevance and has a limited impact of the welfare state. Housing policy broadly follows the general issues recognized for the Croatian welfare state and the Croatian housing economy. A number of changes have been made towards a socially governed and controlled housing policy that ensures basic housing standards and quality. This development can be seen as a precondition for a durable and good-quality solution. Over the past ten years, a few changes have been introduced to develop social housing and to meet affordability challenges. For example, the Croatian government recently introduced subsidies for housing loans for first time buyers up to 45 years of age to improve affordability. In addition, the Croatian government is in the initial phase of devising a national housing policy strategy. While the national level and especially the Ministry of Construction and Physical Planning play the most important role in Croatian housing policy, some larger cities are also involved at the local level.

3.2 Housing Policy Instruments

Name	Housing allowance
Instrument type	Housing allowance
Tenures	Owner-occupied housing; Rental housing
Description	Poor households who already receive social assistance in money (ZMN) receive additional help to cover rent and other housing expenditure.
Target groups	Low income groups (especially families)
Policy formulation	National and local level
Funding	Local level
Implementation	Local level (through centres for social care) and cities
Importance	Very marginal. About 1.9% of households receive housing allowance.
Instrument development	
Name	Fuel allowance
Instrument type	Housing allowance
Tenures	Owner-occupied housing; Rental housing
Description	In the case of wood heating, local authorities provide additional wood.
Target groups	Low income groups (poor families)
Policy formulation	National level
Funding	Local level
Implementation	Local level
Importance	Very marginal, 2.8% of households.
Instrument development	No changes

Name	Benefit for energy buyers at risk
Instrument type	Housing allowance
Tenures	Owner-occupied housing; Rental housing
Description	If electricity is used for heating, households can receive an additional transfer of € 27 per months.
Target groups	Low income groups (poor families)
Policy formulation	National level
Funding	National level
Implementation	Local level
Importance	Very marginal
Instrument development	The vouchers were introduced several years ago as a part of the EU agenda against energy poverty.
Name	Program of state subsidized housing construction (POS)
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing ,very small part of social renting
Description	Purchase of apartments with controlled prices built in the POS program with favourable loans; rental of unsold apartments in the POS program with the possibility of purchase; the possibility of building social rental housing in partnership with cities; favourable loans for the construction and reconstruction of a family house, favourable loans for the purchase of construction materials; POS + favourable loans from public funds for the purchase of the first apartment on the market. In partnership with cities project of social renting has been developed.
Target groups	Households without appropriate accommodation, first time buyers and previous holder of housing rights in private flats. In fact, a large proportion of the flats in the POS programme were sold on the open market. The programme also assists war victims and earlier holders of dwelling rights.
Policy formulation	National level
Funding	National and local level
Implementation	National level (in collaboration with local level)
Importance	In the period of 2001-2018, a total of 8,322 units have been built.
Instrument development	For unsold units, renting with the option to buy was introduced.
Name	Subsidies of housing loans
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	Subsidies for housing loans are used for improving affordability for first time buyers and for citizens up to 45 years of age. Loans up to a certain threshold (currently € 100,000) are subsidized up to this amount (additional loans are not subsidised). Loans are only granted for housing where the price does not exceed € 1,500 per m^2; the period for repayment may be no shorter than 15 years. The loan is also dependent on the local development index and is limited to certain interest rates. A special rate for disabled persons ensures lower repayments. In case the number of family members increases, the loan may be prolonged for two additional years.
Target groups	First time buyers up to 45 years of age (households without appropriate accommodation)
Policy formulation	National level
Funding	National level
Implementation	National level (in collaboration with APN)
Importance	From 2017 till April 2020 13,090 loans were approved.
Instrument development	Recalibrations were made in 2018, when loans were tied to the local development index and a maximum interest rate was set.
Name	Premium for housing saving
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	The program was installed in 1998 with state incentive-premium of 25% (€ 171) for depositors who save € 685 a year. Beneficiaries of this program were mainly from households with good housing.
Target groups	All persons with capacity to save
Policy formulation	National level
Funding	National level
Implementation	Housing saving banks in the hands of foreign bank
Importance	In 2008 there were 450,000 of savers and with reduction of premium 289,000 in 2015. From 2003 to 2015 government provided € 333 million for housing saving premium.
Instrument development	The instrument was terminated in 2014 after a series of changes (mainly constant reduction of the premiums) which resulted in the program being ineffective and unattractive for the target group because of small premium.

Name	Housing accommodation in supported less developed areas of the country
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing; Rental housing; Hybrid/mixed tenures
Description	The instrument focuses on the improvement of housing in less developed areas by different measures (donation of state-owned construction land, grants for building material for the construction of homes, donation of construction material for reconstruction, upgrading or completion by the user etc.) The instrument is considered important for less developed regions and the respective target population. In the 2015 budget, the instrument accounted for spending a total of € 31.6 million from the national budget and € 0.85 million in the form of EU grants.
Target groups	Households without appropriate accommodation
Policy formulation	National, regional and local level
Funding	National level (supported by European Union)
Implementation	National and local level
Importance	For 2015 the budget included € 31.6 million from national budget and € 0.85 million as EU grant.
Instrument development	Recalibrations towards broader support. The 2019 law broadened the scope for all people with certain housing needs.
Name	Affordable public rental program for young families with children in the City of Zagreb
Instrument type	Subsidised housing
Tenures	Rental housing
Description	Households applying for the program get a rental contract for five years which may be prolonged. The program is restricted to the City of Zagreb and especially young families with children.
Target groups	Young families with children living in private rental and living with extended family
Policy formulation	Local level (City of Zagreb)
Funding	Local level (City of Zagreb)
Implementation	Local level (City of Zagreb)
Importance	In the city of Zagreb about 1,300 households are tenants in public rental flats.
Instrument development	Minor recalibrations
Name	Housing programme for Homeland War victims and veterans
Instrument type	Instrument for homeowners and homebuyers
Tenures	Owner-occupied housing; (Rental housing)
Description	The program (started 1997) aims at the reconstruction of housing units which were destroyed or demolished in the war and after mainly provide housing for the war veterans and their families, and victims of the war. Currently program provide affordable housing loans to buy flats, to build family home and to improve housing.
Target groups	Victims of war and the war veterans
Policy formulation	National and local level
Funding	National and local level
Implementation	National and local level
Importance	From 1997 to 2013 6,248 flats have been build.
Instrument development	Recalibrations
Name	Social rental housing
Instrument type	Public housing
Tenures	Rental housing
Description	Local authorities, in fact larger cities, provide social housing with very low rent.
Target groups	Poor households, low-income households, families with more children. Depend on the city, eligibility criteria vary. They may include a minimum time of residence in the city, being without a housing property in the country, housing status, income, health, number of children, being single parents, having a disabled person in the family, being a war veteran.
Policy formulation	National and local level
Funding	Local and national level (POS program)
Implementation	Local level
Importance	n. a.
Instrument development	No developments over the past ten years

3.3 Reform trends

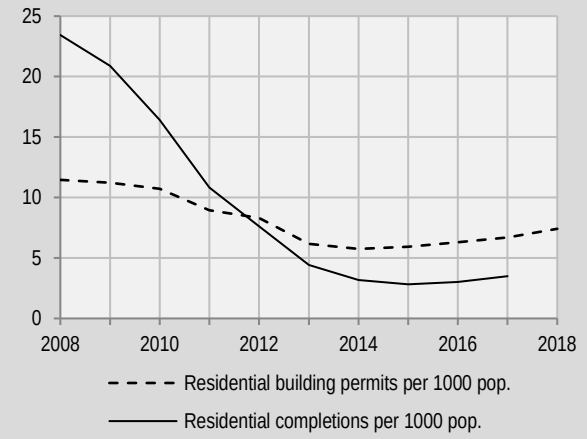
Housing policy in Croatia is characterized by rather great continuity, according to which no major reform activities have been recorded in the last ten years. At the same time, there is a clear need to evaluate the individual instruments and develop an overall housing policy strategy.

Cyprus

Population (million, 2018)	0.86	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	15.9	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	1.11	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	27.4	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	9,251	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	21.0	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	94.4	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	24,120	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	82.2	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	20,118	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	37.5	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	23.9	EUROSTAT, series t2020_50

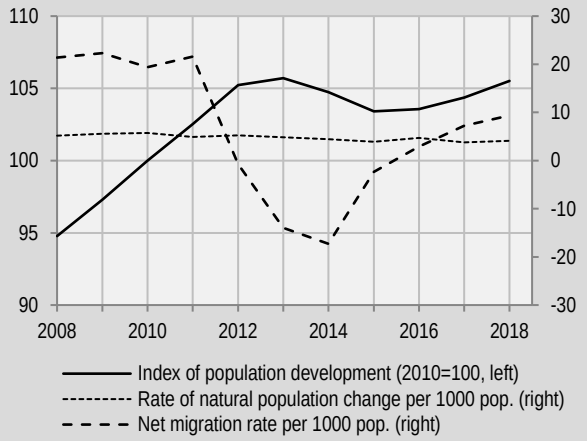
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



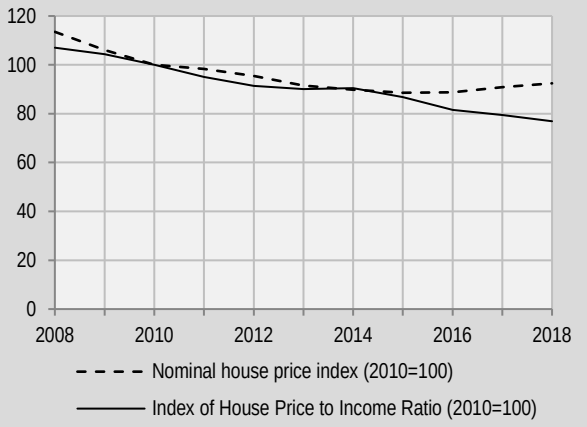
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



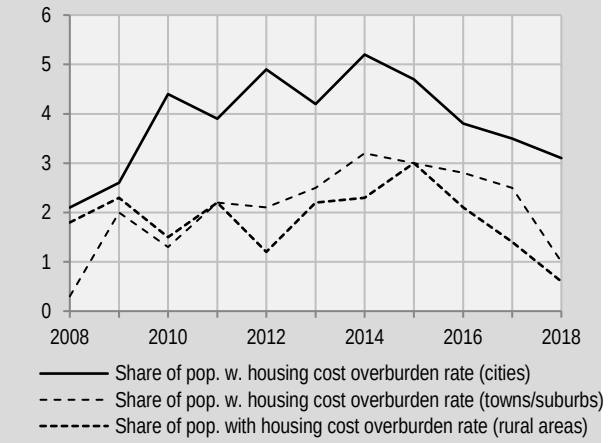
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Lora Nicolaou has been involved as national expert.

1 Governance structure

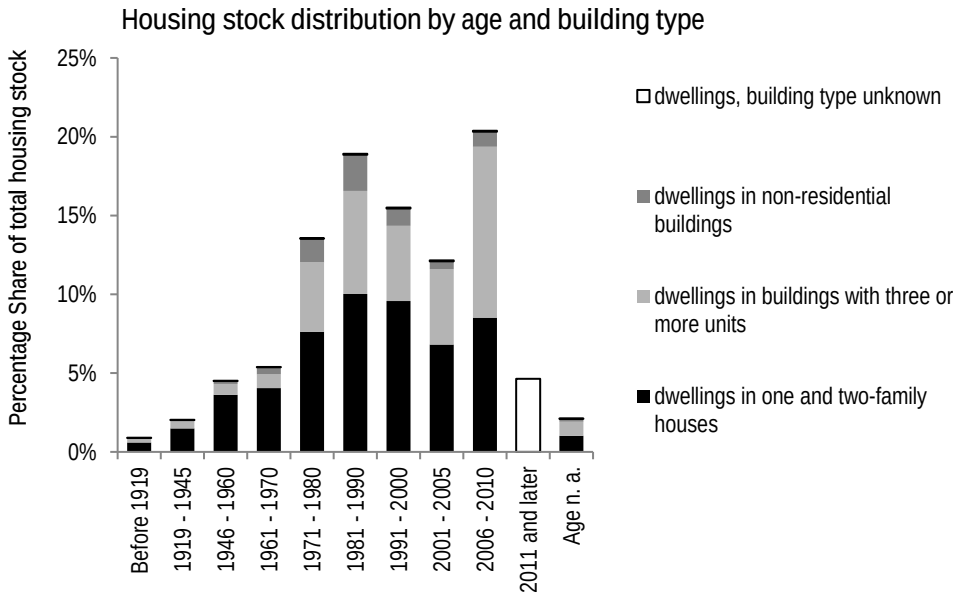
In Cyprus, both the national and the local level of government are involved in housing policy sharing responsibilities in different areas. At the national level, several ministries deal with housing policy. The division of Housing Policy in the Ministry of Interior has drafted a strategic housing policy announced in 2014 after the economic crash. In addition, the Department of Town Planning and Housing is responsible for public sector housing in Cyprus and assists other organizations providing public sector housing provision with master-planning of government lands for this purpose. The department also advises the ministry on strategic aspects of housing policy, drafts housing policy, becomes involved in local plans, economic and land policy, and acts as a shareholder in the consultation on ministerial directives. The Social Welfare Services as a department of the Ministry of Labour and Social Insurance aims at ensuring social cohesion, solidarity, protection, social inclusion and equal opportunities for all citizens of Cyprus. Concerning housing policy, the Social Welfare Services contributes toward housing needs of low income families. Since Cyprus is a relatively small country, it has no governance structure at the regional level and most governance is centrally controlled. Therefore, regional offices do not have policymaking capacities. Regional offices were established under the Ministry of Interior by legislation in 1999 and are tasked with the implementation of strategic infrastructure works across local communities and particularly outside urban areas. Regional offices also manage planning applications in their territory except for areas managed by municipalities. The latter have their own planning capacities and planning departments. At the local level, municipalities are mostly involved in the implementation of housing policy measures. In Cyprus, the local level is fragmented, showing a large number of local authorities with limited responsibility in strategic policy and large-scale project delivery, which therefore remains often with the central planning office. Although municipalities could be involved in housing policy as defined by the constitution, housing policy is usually designed and delivered by central government. While, according to the law, the authority to engage in social housing delivery lies at the local level, municipalities are not active in this area since 1974. There are a few exceptions, especially where housing is connected to other policy programs. In most cases, municipalities and cities are involved in housing policy indirectly through updating and renewal of public realm, infrastructure and services in order to support housing in disadvantaged areas. Moreover, municipalities are involved through the stimulation of the private sector to lead housing production through local initiatives („Area Plans") and their influence on strategic planning policy (Local Plans). In the past ten years, the responsibility for housing policy in Cyprus has witnessed only minor horizontal shifts at the national level. While there have been no major changes in the overall structure, the responsibility for assessing the eligibility for social housing tenures has been transferred from the department of Town Planning and Housing under the Ministry of Interior to the Ministry of Labour, Welfare and Social Insurance. The hierarchy of the administration of housing policy in Cyprus has not changed over the past ten years and no vertical shifts between levels of government were introduced.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The housing stock in Cyprus is of relatively young mean age with large shares of dwellings built in the decades after 1970. New construction after 1990 represents more than half of the total stock. This pattern is caused, first by the housing demand of the internally displaced population after the war in 1974, second by the economic boom of the period before the Great Financial Crisis in 2008. About half of the dwellings are in houses with one or two dwellings. Regional housing types differ, with about 60% of the urban population living in single-family houses, while in rural areas, on average, 95% of the population lives in

single-family houses. A significant share of privately-owned residential dwellings from the pre-1980s era lacks maintenance, both in structural elements, envelope and technical installations. This especially concerns multi-family houses and is possibly caused by lacking regulation of maintenance and refurbishment of common parts of co-owned buildings. Draft legislation addressing the issue is still under consideration. All types of residential buildings from the pre-1980 era lack adequate thermal quality of the building envelope and energy efficiency of heating and cooling systems. Concerning refurbishment policies, early public programs were focused on the redevelopment of refugee housing by the Department of Planning and Housing before 2000. Today, for private buildings, several partly EU-funded programs for historic buildings or energy efficiency refurbishment are in place. Energy efficiency related refurbishment policies that aim at the implementation of the EED are based both on loans, direct grants and tax reductions for energy efficiency investments.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: EUROSTAT, National Statistical Offices, European Mortgage Federation Federation (calculated from dwelling stock data 2017)

2.2 Housing tenures

The composition of housing tenures in Cyprus shows characteristics of a medium concentrated tenure system with a larger owner occupation share as the main tier, and a medium sized private rental sector as a second tier. Formally, apart from various regulations concerning residual refugee housing, no subsidized or privileged access social rental tenure exists. About 70% of the dwellings are associated with owner-occupation, most of it as full ownership. Market rate rental tenures comprise less than 20% of the dwellings.

Typical characteristics of tenures in Cyprus		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Ownership rights refer to land and building structure together. Most properties in Cyprus have full rights of use and ability to lease as well as dispose of. Freehold ownership is the most common particularly for residential property. Ownership include all liabilities for maintenance, taxes and duties.	very large share (ca. 55% of dwellings)

Flat ownership/condominium	Shared ownership is typical both for apartment developments and large-scale comprehensive area development, evolving from primarily touristic property developments where a collective of individual owners commonly own the common spaces and infrastructure. Condominium ownership is mostly regulated in form of freeholds of the individual property components. Regulation concerning the management of common parts of the building is still lacking, causing maintenance deficits in older apartment buildings.	small share (less than 15% of dwellings)
Cooperative owner-occupation		
Other		
Rental tenures		
Market rate private/commercial rental tenures	Regulated by the Rental Law of 1983 (23/1983). Regulations concerning possession, rights to use, termination and compensation apply both to residential and commercial rental tenures	medium share (ca. 20% of dwellings)
Special regulation regimes	Refugee Status (originally attributed for dependents of the displaced population in 1974) for specific target groups, based on income criteria	
Public rental tenures		
Subsidized below market and/or privileged access rental tenures		
Cooperative rental or similar national specific tenures		
Other	Special regulations concerning residential properties in Turkish-Cypriot ownership used as temporary housing for internally displaced population under public management or for touristic use under private management.	estimations not available
Hybrid forms, e.g. rent-to-buy schemes	Rental tenures with a right to buy of pre-1974 social housing Long-term leasing of individual parts of a property development (primarily related to touristic use property)	niche (ca. 600 dwellings)
Homelessness, temporary and informal housing		
Homelessness	Market rented accommodations	estimations not available (few cases)
Asylum accommodation	Two arrival points (temporary, and long-term residence). Following accommodation in rented accommodations during application phase.	estimated capacity of arrival cams: 250-300 residents. Mid-term accommodation: estimations not available
Informal housing	No record of informal settlements	

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

Freehold house-ownership is the prevalent tenure as a result of traditional rural housing provision, but is also relevant in urban housing. Flat ownership or other forms of shared ownership tenures have increased after 1974 due to the construction of apartment buildings. Long-term lease as a specific form of hybrid tenure is predominantly associated with more recent increases in tourism. Rights of occupancy tenures were a common practice for 1974 refugee housing, but was later on privatized/sold to tenants in the 1990s. Home-ownership is generally the preferred tenure in Cyprus. This is rooted in historical cultural attitudes and later on in liberal welfare policies favouring ownership. Registration and taxation of land ownership, as well as taxation of urban property have been reduced or abolished after the Cypriot independence. A general lack of property taxation paired with loose credit regulation had increased problems with land speculation and contributed to the real estate bubble and the following banking crisis in Cyprus. The reintroduction of property taxation under EU supervision after the Euro crisis in 2013 was again abolished in 2015. The government currently discusses policies regarding the restructuring of default mortgages and the protection against eviction for first homes.

Rental tenures

The private rental sector in Cyprus is increasing in relation to owner-occupation, partially due to the impact of new demands, e.g. for student housing, partially due to the lack of affordable housing in urban

areas and the quality issues of the older dwelling stock. Market rental tenures are associated with all income groups. In rural areas, home-ownership prevails and typically lower income groups are associated with rental housing. A significant share of rental tenures are at reduced price or free of charge, indicating family related or corporate related employee rental status.

Homelessness, informal and temporary housing

Homelessness is of minor significance in Cyprus. Housing or other accommodation is rented on the market by the Department of Social welfare in the Ministry of Labour and Social Insurance.

Providers of Housing Services

Most rental dwellings are supplied by private individual landlords.

2.4 Housing Issues

General challenges

Concerning interior migration, ongoing strong migration flows from all provinces to metropolitan and coastal areas are increasing regional disparities and therefore the pressure on housing markets in urban and coastal areas in Cyprus. Migration from abroad does not represent an essential challenge in Cyprus. In the recent migration waves, Cyprus was a transition country and relatively small numbers of migrants applied for residence. In terms of demographic changes, the ageing population and shrinking household sizes are most concerning. Demographic changes increase the demand for appropriate housing with services for elderly. Regarding energy and climate related issues, such policy imperatives have influenced national government programs in the housing sector only in the recent years with some small-scale programs targeting energy efficiency retrofits mainly in owner-occupied housing.

Accessibility, affordability and availability problems

There is no evidence of accessibility problems on the housing market in Cyprus regarding the owner-occupied sector. Regarding the private rental housing sector, accessibility constraints are related to social groups who might face explicit or implicit discrimination by landlords. The housing provision system indicates growing affordability constraints in the rental as well as in the owner-occupied sector and housing deprivation for low income and vulnerable groups as well as market inefficiencies. Housing and energy costs are a major issue for low-income households. The shortage of rental housing manifests in a high overcrowding rate. People with disabilities face significant problems on the owner-occupied market as well as in market rental housing. As refurbishment schemes are lacking behind, a major part of the stock does not meet universal access standards and provision of support services for people with physical and mental disabilities. The new Housing legislation in Cyprus will revisit the issue of building affordable rental housing, which does not exist at present and encourage increasing rental housing for young families as a way of addressing affordability issues, but also to generate competition as well as regulation in the housing real estate market.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

As the housing system in Cyprus is dominated by private ownership with a large owner-occupied sector, housing policy and housing issues are not part of a National Housing Policy or Strategy. Housing policy in Cyprus perceives housing as an economic good and focusses on the provision of housing opportunities. Housing delivery in Cyprus has been traditionally and continuous to be governed by the private sector and neo-liberal political attitudes. The state intervenes only when the market fails to supply housing. The lack of state intervention is not only based on political preferences, but also on cultural aspects of the local economy and ownership patterns traditionally characterizing social structures. Housing policy and its regulation broadly follows the general issues related to housing recognized for the housing economy in Cyprus and especially the growing issue of affordable housing as well as the need of social housing provision. Since 2013, the freezing of market mechanisms and the lack of support toward the Cyprus Organization of Land Development is said to have led to the inactivity of the only public sector supply mechanism of affordable housing. A directive on the promotion of affordable housing is currently under

consideration by the Ministry of the Interior, which is expected to focus on activate incentives noted in Local Plans by offering additional building coefficients to developers in return for the delivery of affordable housing within the respective schemes. While the national level and especially the Ministry of the Interior, plays the most important role in the housing policy in Cyprus, market dynamics dictate the shape of the housing stock and its structure. The Ministry of the Interior, in consultation with the Ministry of Economics, does not pursue active and direct public sector lead interventions but uses incentives to activate housing provision through the private sector.

3.2 Housing Policy Instruments

Name	Means tested subsidy of rent by welfare services.
Instrument type	Housing allowance
Tenures	Rental housing
Description	The rental subsidy is paid in the form of a grant which depends on the family income. The aim is to enable households with low income to find housing on the private market who otherwise would fail to do so. The grant is paid by the Ministry of Labour and Social security
Target groups	Low income households - priority on families and the elderly
Policy formulation	National level
Funding	National level
Implementation	National level (in cooperation with local welfare services)
Importance	n. a.
Instrument development	No developments over the past ten years
Name	Means tested subsidy of rent or facilitation of loans for the acquisition of housing
Instrument type	Housing allowance
Tenures	Rental housing
Description	The rental subsidy is paid in the form of a grant which depends on the family income. It is paid by the Ministry of the Interior.
Target groups	Low income households with a 1974 refugee status (first and second generation)
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	n. a.
Instrument development	No developments over the past ten years
Name	Social mortgage loans
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	The „Organization of housing funding" (*Οργανισμός Χρηματοδοτήσεως Στέγη*) offers loans with low interest which may be used for the purchase of a first home which fits to the following criteria.
Target groups	Individuals who buy a house or a real estate for a house to be erected. Criteria for eligibility are income, family composition and conditions of the family home at the time of application for the program. The programme favors young couples and larger families.
Policy formulation	National level
Funding	National level
Implementation	National level (in cooperation with a semi-public organization, which acts as a housing association)
Importance	Account deposits of some € 943 million
Instrument development	No developments over the past ten years
Name	Affordable housing provision
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	The program is implemented through the „Cyprus Land Development Corporation" and aims at affordable housing in relation to income. The CLDC develops the land by constructing housing, then sales the houses to tenants and uses the profit and government grants to move to the next project. It is suggested that the prices are approximately 30% lower than the market price.
Target groups	Low-income groups. Criteria for eligibility are income, family composition and conditions of the family home at the time of application for the program. The program favours young couples and larger families.
Policy formulation	National level
Funding	National level
Implementation	National level (in cooperation with a semi-public organization, which acts as a housing association)
Importance	Marginal impact on housing market – the investment planed for construction of new housing in the 2017 budget was € 2.78 million (all derived from sales not direct housing grants)
Instrument development	No developments over the past ten years. The operation of the organisation was ceased due to a lack of funding in 2013 and resumed operations in 2018.

Name	Grant for acquiring a house or apartment, and grant for building a house on private plot
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	The instrument contains grants for buying a house or an apartment and grants for the construction of a house on private real estate. The 2020 budget foresees € 46 million for new housing grants, especially for low income families or individuals.
Target groups	People with a 1974 refugee status.
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	The 2020 budget foresees € 46 million for new housing grants
Instrument development	No developments over the past ten years (changes to scales of grants over time)
Name	Provision of affordable housing for sale
Instrument type	Subsidised housing
Tenures	Owner-occupied housing
Description	Provision by the 'Organisation of land development' (*Κυπριακός Οργανισμός Ανάπτυξης Γης: ΚΟΑ*)
Target groups	Households with low income primarily young couples. Criteria are income, family composition and conditions of the family home at the time of application.
Policy formulation	
Funding	
Implementation	
Importance	Limited funding. 130 units planned for next year
Instrument development	After a phase in which there was no activity, the operational programme was resumed in 2018.
Name	Refurbishment, redevelopment and rebuilt of 1974 refugee housing
Instrument type	Subsidised housing
Tenures	Owner-occupied housing; Rental housing
Description	The aim is the maintenance (sometimes redevelopment) of 164,000 housing units and associated public spaces linked to the central government, despite the fact that the majority of the units has already been privatized to non-refugee tenants.
Target groups	People with a 1974 refugee status (first to third generation)
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	n. a.
Instrument development	No developments over the past ten years
Name	Social and affordable housing.
Instrument type	Subsidised housing
Tenures	Owner-occupied housing; Rental housing
Description	The instruments allow developers to offer parts of their housing in certain areas of the cities for sale with decreased prices in return for increased government subsidies. The aim is both to offer affordable rental and owner-occupied housing.
Target groups	Mainly middle income tenants who cannot afford to buy from the open market
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	n. a.
Instrument development	Introduced in 2019, but not yet implemented.

3.3 Reform trends

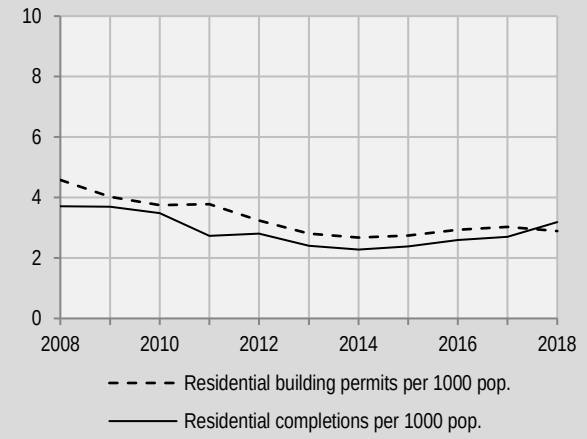
Over the past ten years, there have been no significant reforms towards supporting affordable housing other than several newly introduced incentives aiming at restarting the housing development industry after the crash in 2013. A new ministerial directive has been in introduced in 2019, which is aiming for a more comprehensive set of incentives to address the relatively recent housing affordability conditions. After a brief phase of introduced rent regulation (2013-2018), the 1983 rental law is currently under revision to mainly address the bad condition of properties occupied by so-called sitting tenants.

Czech Republic

Population (million, 2018)	10.61	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	19.2	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	10.61	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	26.2	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	78,874	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	4.4	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	138	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	17,990	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	64	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	19,264	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	42	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	12.2	EUROSTAT, series t2020_50

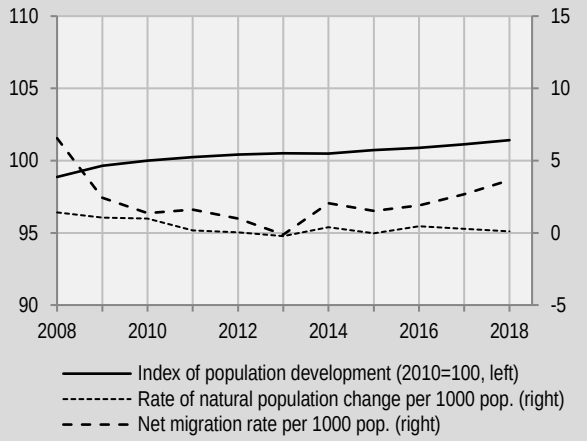
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



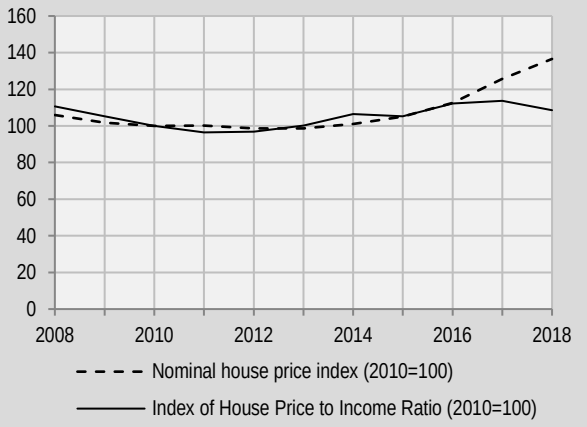
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



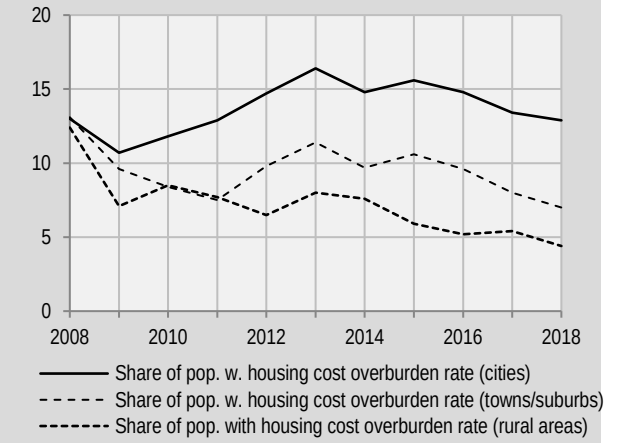
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Luděk Sýkora has been involved as national expert.

1 Governance structure

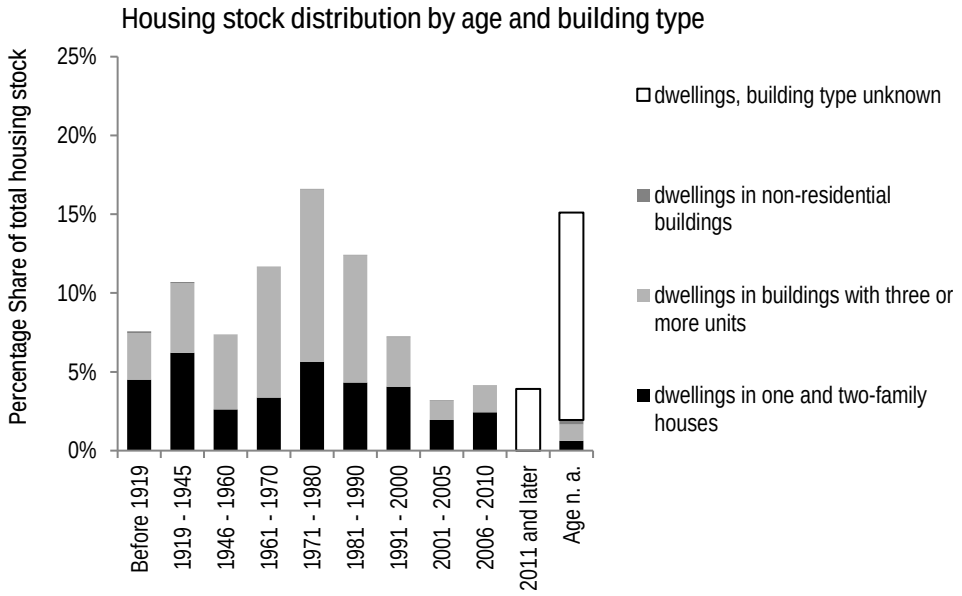
In the Czech Republic, several levels of government are involved in housing policy. The responsibilities for the different areas are shared between the national and the local level. At the national level, several ministries deal with housing. The Ministry of Regional Development is responsible the national housing policy, housing development programs, urban and regional development, physical planning, the regulation of construction and social inclusion. The Ministry of Labour and Social Affairs is responsible for housing allowances. Until 2018, it also prepared a social housing concept. The Ministry of Justice is in charge of civic code and the Ministry of Finance provides support for housing saving schemes. The State Fund for Investment Support, as a subsidiary of the Ministry of Regional Development, provides subsidies and credit aimed at housing regeneration, energy savings, and housing provision for specific target groups. At the regional level, the cohesion regions formed from administrative counties (*kraj*) have no role in housing policy. Therefore, regional offices do not have policy making capacities. At the local level, municipalities are the key actors in local housing policies and housing provision besides the national government. Counties are not involved in housing policy and housing provision, except via providing information to municipalities and other subjects at their territory. Municipalities are responsible for municipal property including housing, for physical planning and thus the regulation of land use, land development and construction. They are free to deliver a local housing policy as well as to share the responsibilities for housing among their administrations. In most cases, local governments, especially in cities, will have two departments involved in housing. Usually the housing department is in charge of municipal housing management, maintenance, allocation and, still rarely but increasingly, new municipal (social) housing construction. The department of social affairs or social work focuses on (social) housing for socially vulnerable groups. In recent years, municipalities and cities have developed more active approaches towards housing, including the construction of new municipal housing and the provision of social housing. In addition, there are various forms of voluntary inter-municipal cooperation in the Czech Republic. So-called Micro regions or Voluntary Municipal Associations are legal entities created by municipalities, sometimes also involving other subjects, to tackle specific local development issues. Most municipalities participate in these associations, which are involved in various projects that influence the residential environment and quality of life. In the past ten years, housing policy in the Czech Republic has only seen minor horizontal shifts in responsibility at the national level. While there have been no major changes in the overall structure, the responsibility for social housing had been transferred from the Ministry of Regional Development to the Ministry of Labour and Social Affairs in 2014, and later back to the Ministry of Regional Development. No vertical shifts in responsibilities for housing policy between levels of government were introduced in the past ten years in the Czech Republic. The key levels remain the national and the local level, although an increasing activity on the local level can be observed.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The age distribution of the housing stock in the Czech Republic shows a typical pattern with a peak share of dwelling from the 1970s, especially in multi-family houses. Unlike in most neighbouring Member States, a relatively high share of dwellings from the interwar period can be observed. New construction after 1990 represents about one third of the total stock. About 36% of the stock is in single-family houses. Regional housing types differ, with only about one sixth of the urban population living in single-family houses, while in rural areas on average about 80% of the population lives in single-family houses. After the end of the socialist rule, there have been extensive refurbishment investments in the stock of

prefabricated multi-family dwelling stock in the 1990s. Today, quality issues are reported mostly for so-called socially excluded localities and for dwellings in peripheral regions with structural problems. Ongoing refurbishment programs concern deep refurbishment and revitalization activities of the dwelling stock with an emphasis on the building envelope and technical installations in all kinds of building types. In addition programs facing the lack of barrier-free accessibility are in place. EU-funding directed at housing were mostly focused on investments into social housing and ESF funds used for municipal social housing strategies.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: EUROSTAT, National Statistical Offices, European Mortgage Federation (calculated from cumulative housing completions to 2018)

2.2 Housing tenures

The Czech Republic shows a different pattern of tenure composition than all other former socialist transformation countries in Europe. With a total share of about 70% of the dwelling stock, the owner-occupation sector is smaller than the average among the aforementioned group of countries. Less than 20% can be attributed to private and public (municipal) renting, while the rest comprises other forms of tenure, including subletting.

Typical characteristics of tenures in the Czech Republic		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Full rights of use and disposal within legal limits. Ownership can be attributed to all legal entities and individuals. House ownership represents the prevailing tenure in rural areas.	large share (ca. 36% of dwellings)
Flat ownership/condominium	Flat ownership has been introduced in 1996 and includes restituted housing, privatised municipal and cooperative flats as well as newly constructed condominiums. This tenure is typical for urban areas in multi-family houses.	medium share (ca. 20% of dwellings)
Cooperative owner-occupation	Co-operative ownership refers to co-operatives from the socialist period, as well as to co-operatives resulting from privatization. Newly established co-operatives comprise a niche share.	small share (ca. 9% of dwellings)
Other		
Rental tenures		
Market rate private/commercial rental tenures	This tenure relates mostly to privatised urban dwellings. Newly built rental housing comprises a niche share. Landlords can be individual owners, co-operatives and other legal entities	small share (ca. 10% of dwellings)
Special regulation regimes		

Public rental tenures	Municipal rental housing. Rent setting and access prioritisation is subject to local level regulation. Hence, the public scope may vary from, e.g. from housing provision for public employees to target groups defined by social criteria.	small share (ca. 8% of dwellings)
Subsidized below market and/or privileged access rental tenures	see public tenures	
Cooperative rental or similar national specific tenures		
Other	Various forms of other tenures, including subletting and undetermined tenure status	medium share (more than 10% of dwellings)
Hybrid forms, e.g. rent-to-buy schemes		
Homelessness, temporary and informal housing		
Homelessness		Estimation of roofless population: about 30,000 (2013)
Asylum accommodation		
Informal housing		

Source of tenure relevance: Census 2011, in: Ministry of Regional Development, Housing in the Czech Republic in Figures 2019, expert estimates

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

Target groups of owner-occupied houses vary by region. In rural areas, lower to middle class population has access to ownership while urban markets have smaller shares of house ownership rather attributed to middle and upper income class population. The increasing relevance of homeownership in suburban markets is associated with a change of social groups from traditional lower income to middle/higher income groups. Social groups attributed to flat ownership vary with the specific form of tenure: in privatized municipal housing and co-operative housing owner to middle income groups prevail while newly constructed condominiums are rather targeted at higher income groups. Since 1990, housing policies aim at fostering owner-occupation. The Law on Ownership of Residential and Non-Residential Premises (1996) regulated the privatization of state owned rental and co-operative housing. On the demand side, the legal framework for mortgages, equity savings and tax deductibility of interests is evidence for the political support to home-ownership. The share of owner-occupation has increased strongly between 1997 and 2008 as a result of the privatization process during this period, but is currently slowing down. Due to rising concerns with affordability in larger cities, the issue of co-operative of not-for-profit housing is again on the agenda at the local level. Moreover, municipalities are revising their strategies concerning municipal rental housing.

Rental tenures

Given the diverse path dependencies of today's market rental tenure, target groups differ strongly and comprise various social groups. Target groups in municipal housing range from middle-income households paying market rents to vulnerable persons living in housing with a social scope. Co-operatives typically let dwellings to middle to lower-middle class persons including a high share of elderly population. The share of rental housing in the Czech Republic has decreased sharply due to the privatisation process during the last decade. Without substantial private or public investment in rental housing, the rental market share is expected to slowly decline further. Since the privatization, the volume is stable.

Homelessness, informal and temporary housing

The number of roofless population was estimated at about 30,000 persons in 2013. The population potentially threatened by any kind of homelessness is estimated at 100,000 persons. Housing is provided by municipalities and private sector social service providers and consists of shelters, temporary housing facilities and other accommodation for specific target groups.

Providers of Housing Services

Most of the rental stock is offered by individual private landlords and by municipalities including other government bodies. A smaller share of rental housing is provided by co-operatives.

2.4 Housing Issues

General challenges

Ongoing strong migration flows from rural areas and peripheries all over the Czech Republic to cities and specifically their suburban zones, especially to Prague and the surrounding districts of Central Bohemia as well as Brno and Pilsen, are increasing regional disparities. Problems of housing availability and affordability are increasing in these wider urban regions, while peripheral and rural areas, especially in Northern Bohemia and Northern Moravia/Silesia witness depopulation leading to declining labour and housing markets. Even though the general public reaction towards the recent influx of migrants has been rather including a rise in expression of xenophobic attitudes, it cannot be concluded that migration from abroad presents an essential challenge for Czech housing markets. However, the proportion of immigrants has grown steadily since 1989. In Prague, the share of the population with foreign citizenship has risen to 15%, while the share all over the country is around 5% in 2017. In the big cities, but also in smaller towns and suburban areas, manufacturing and the construction industry rely on a large share of foreign labour. Immigrants occupy all levels and forms of housing from owner-occupation to rental housing to dormitories for workers. Housing price inflation in cities on the one hand and the formation of isolated and segregated localities with disproportionately large shares of migrant (guest) workers on the other affect the housing market in the Czech Republic. As regards demographic changes, the ageing population and shrinking household sizes are of the most concern. An increasing share of single-person households, generally low birth rates, and longer life expectancy are increasing the demand for smaller unit sizes over the past years. Energy and climate related issues have influenced national government programs in the housing sector for several years. National programs are targeting energy efficiency retrofits mainly for owner-occupied housing. While the energy efficiency of individual buildings is guided by technical norms, the extremely fragmented pattern of housing in the wider suburban areas contributes to economic, social and environmental costs, due to a lack of systematic regulations.

Accessibility, affordability and availability problems

The housing provision system shows growing affordability constraints in the rental as well as in the ownership sector in urban markets, overcrowding, housing deprivation for low income and vulnerable groups and market inefficiencies. Housing affordability has been a major issue in the public discourse over the past years. On the one hand, the process of construction permissions is perceived as being too slow, bureaucratic and in some cases favouring the development industry instead of public bodies and individuals. On the other hand, demand is expressed for alternative housing provision solutions, such as social housing, public rental housing, non-profit housing and cooperative housing supported by public budgets. The owner-occupation sectors as the dominant form of housing in the Czech Republic is composed of all social groups. However, access to owner-occupation is market driven and based on income, making differences in economic power to be also reflected in housing outcomes. A distinct geographical polarization can be observed, on the one hand, between the growing cities and their suburban areas, where middle-income groups and especially the younger generation are increasingly affected by affordability problems, and peripheral rural areas on the other, which are strongly affected by depopulation and related problems. Access constraints in the Czech private rental-housing sector mainly concern social groups who might face explicit or implicit landlord discrimination but are also strongly interlinked with the affordability problem. For specific groups and localities, a shortage of rental housing therefore manifests in high overcrowding rates. People with disabilities face significant problems on the owner-occupied market as well as in market rental housing. As refurbishment schemes are lagging behind, a major part of the existing stock does not meet universal quality standards, which intensifies the problem of lacking housing provision, especially in the subsidized rental sector.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

As private ownership with a large share of owner-occupation dominates the housing system in the Czech Republic, Czech housing policy perceives housing as an economic good and focusses on the provision of

housing opportunities. The Czech housing policy follows the objective of creating a legal, institutional and fiscal environment for the activities of all actors in the housing market. To ensure the functioning of the housing market and to eliminate price and legal distortions in the rental housing sector, the housing market as well as the efficiency and effectiveness of the individual support schemes are continuously monitored. At the same time, the state supports households who are unable to fulfil their housing needs on the market, for example by providing housing allowances. Housing policy broadly addresses the general issues recognized for the housing economy in the Czech Republic and especially the issues of affordable housing and social housing provision. In recent years, the Czech housing policy has shifted towards a stronger role of the state (central government and municipalities) in housing provision, especially through the construction and reconstruction of new social housing units and associated social work and services for the clients of social housing. Since 2019, however, it seems that the emphasis has shifted back to supporting housing construction and regeneration without any involvement of social work. This is evident in the shifting responsibilities for social housing at the national level. Social housing has been the purview of the Ministry of Labour and Social Affairs since 2014 taking responsibilities from the Ministry for Regional Development. The Ministry of Labour and Social Affairs prepared the so-called Conception of Social Housing of the Czech Republic 2015-2025, which was approved by the government in 2015. One of its key tasks was the preparation of a law for Social Housing that was expected to be approved by 2017. While approved by the government, the law faced major resistance from the municipalities, which considered its implementation too expensive and the government did not succeed to pass it in parliament. The responsibility was then transferred back to the Ministry of Regional Development in 2018 which quickly abandoned the concept. Instead, it prepared a program of subsidies for municipalities to support the provision, construction and reconstruction of municipal social housing from 2019 onward, thus supporting housing investments and keeping on with a decentralized provision of social work. While the national level plays an important role in the Czech housing policy, the municipalities are key actors in local housing policies and housing provision.

3.2 Housing Policy Instruments

Name	Housing allowance
Instrument type	Housing allowance
Tenures	Owner-occupied housing; Rental housing
Description	The instrument aims at the provision of housing for vulnerable groups. Eligibility criteria are family income (if 30% – or 35% in Prague – is insufficient to cover housing costs and at the same time this 30% (in Prague 35%) of family income is lower than average housing costs based on the size of the municipality and the number of members of the household
Target groups	Low income households and vulnerable groups; minorities and (socially) disadvantaged groups
Policy formulation	National level
Funding	National level
Implementation	Regional level (through regional branches of the Labour Office of the Czech Republic)
Importance	187,100 in 2018/12. 7,689 million CZK in 2018, steady decline in past years.
Instrument development	No developments over the past ten years
Name	Supplement for housing
Instrument type	Housing allowance
Tenures	Owner-occupied housing; Rental housing
Description	This instrument provides additional support for housing costs in cases where the own income and the housing allowance are not sufficient to cover justified housing costs. This benefit is usually limited to 84 months within the last ten years. Exceptions are households with only persons over 70 years of age and persons who are dependent on housing suitable for the disabled.
Target groups	Low-income households
Policy formulation	National level
Funding	National level
Implementation	Regional level (through regional branches of the Labour Office of the Czech Republic)
Importance	38,000 households in 2018/12; 1,894 million CZK in 2018, steady decline in past years.
Instrument development	No developments over the past ten years

Name	Youth programme. Youth Loan for Acquisition or Modernisation of Housing
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	The instrument provides access to loans in order to build or buy a house up to 140 m² in size or purchase of an apartment up to 75 m² in size or modernisation. People who are already owner or co-owners are not eligible. The loan is capped at a maximum for modernisation, purchase of a house and an apartment, also dependent on the prize of the unit.
Target groups	Owners and buyers of private housing, persons under 36 who are living in a marriage or a registered partnership or for a person up to the age of 36, who permanently cares for at least one child.
Policy formulation	National level
Funding	National level
Implementation	National level (State Housing Development Fund - SFRB)
Importance	n. a.
Instrument development	The program advances and combines two previous programs which offered loans for young people for housing purchase purposes.
Name	Support for the construction of supported housing
Instrument type	Subsidised housing
Tenures	Rental housing
Description	The programme offers subsidies for municipalities, private companies of housing associations in order to provide a) care homes for people with special housing needs due to their age or health condition, b) senior community homes for people with low income; both in multi-dwelling buildings usually including community facilities.
Target groups	People with limited access to housing due to special needs (age, health, social circumstances)
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	n. a.
Instrument development	No developments over the past ten years
Name	Development programme Rental housing
Instrument type	Subsidised housing
Tenures	Rental housing
Description	The programme offers subsidies in the form of loans for municipalities, private companies of housing associations who own land on which additional housing will be built. However, the loan may be used for construction of new units, but also for extension, additions and alterations of existing buildings. Up to 90% of the cost can be subsidized; this may include the initial purchase of the land.
Target groups	No specific target group
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	n. a.
Instrument development	The last change was made in 2016 (small recalibrations).
Name	Barrier-free apartments
Instrument type	Housing quality
Tenures	Owner-occupied housing; Rental housing
Description	The program aims at improving the housing stock in general by subsidizing measures in order to create barrier-free dwellings.
Target groups	People with limited mobility/orientation (especially people with disabilities, elderly, pregnant women, persons accompanying a child in a stroller, children under three years of age and temporarily restricted persons)
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	n. a.
Instrument development	No developments over the past ten years
Name	Panel 2013+ dwelling stock revitalisation programme
Instrument type	Energy-related instrument
Tenures	Owner-occupied housing; Rental housing; Hybrid/mixed tenure
Description	The program offers loans for repair and modernisation of residential buildings at low interest rates in order to extend life of service, increase quality and reduce energy consumption. It addresses cooperatives, owners, individuals and legal entities as well as cities and municipalities as building owners.
Target groups	no specific social groups of inhabitants
Policy formulation	National level
Funding	National level
Implementation	National level (State Housing Development Fund - SFRB)
Importance	n. a.
Instrument development	Minor revisions in 2014

Name	Program for municipalities Repair and modernisation
Instrument type	Housing quality instrument
Tenures	Rental housing
Description	A Program for repair and modernisation of apartments in the form of a loan, which may be used to connect dwellings to public network infrastructure (water supply, gas, sewer, electricity) but also modernisation as the replacement of windows, refurbishing the roof etc. Applications must be co-funded by the municipality at a 20% minimum.
Target groups	No specific social groups of inhabitants
Policy formulation	National level
Funding	National level
Implementation	National level (State Housing Development Fund - SFRB)
Importance	n. a.
Instrument development	No developments over the past ten years
Name	Element program Reconstruction of dwellings after natural disaster
Instrument type	Housing quality instrument
Tenures	Owner-occupied housing; Rental housing; Hybrid/mixed tenure
Description	The program aims a supporting home repairs affected by natural disasters declared by a state of emergency. The program bundles loans for repair and construction of housing, for purchasing a replacement home and for incentives for owners to insure their property. In case of repair, the person applying for the loan must live in the affected building. In case of purchase, the new home must not be located in the affected area. There is a maximum loan of 2,500,000 CZK per dwelling for construction and 1,500,000 CZK for purchase.
Target groups	No specific target group
Policy formulation	National level
Funding	National level
Implementation	National level (State Housing Development Fund - SFRB)
Importance	n. a.
Instrument development	No developments over the past ten years
Name	Program for the regeneration of public areas in the housing estates
Instrument type	Residential environment instruments
Tenures	Owner-occupied housing; Rental housing; Hybrid/mixed tenure
Description	The program supports the efforts of municipalities in regenerating public areas of housing estates through subsidies or loans. The places for regeneration are limited to apartment buildings built by non-penetration technologies between 1945 and 1990 or built by panel technology by the year 2000 and having at least 100 apartments.
Target groups	No specific target group
Policy formulation	National level
Funding	National level
Implementation	National level (State Housing Development Fund - SFRB)
Importance	n. a.
Instrument development	No developments over the past ten years
Name	Support for the Construction of Social and Affordable Housing
Instrument type	Subsidised housing
Tenures	Rental housing
Description	The program offers subsidies for municipalities for social housing and low interested loans for affordable housing.
Target groups	Social housing – low income people in housing need - (age, health, social circumstances) Affordable housing – local criteria
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	n. a.
Instrument development	No developments over the past ten years

3.3 Reform trends

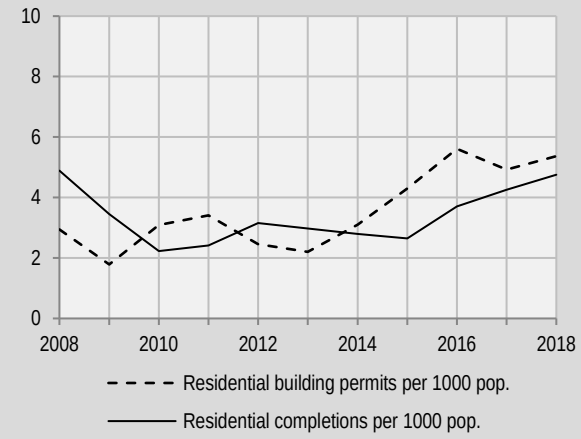
Housing policy in the Czech Republic is characterised by a stable set of instruments in recent years. Greater reform efforts cannot be witnessed. Nevertheless, the need for affordable housing is gaining importance in the housing policy discussion.

Denmark

Population (million, 2018)	5.78	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	19.3	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	6.48	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	21.1	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	42,924	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	11.9	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	138	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	48,530	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	66.7	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	24,998	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	41.8	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	17	EUROSTAT, series t2020_50

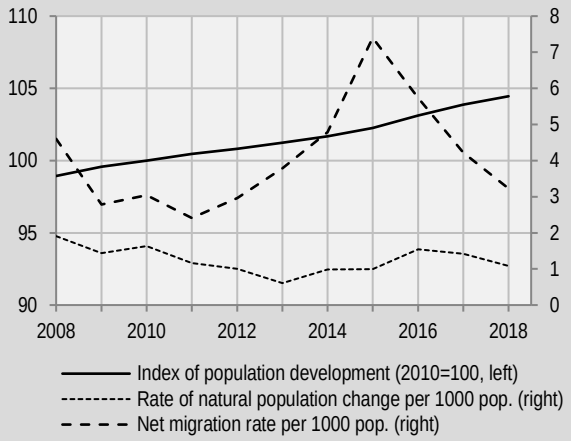
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



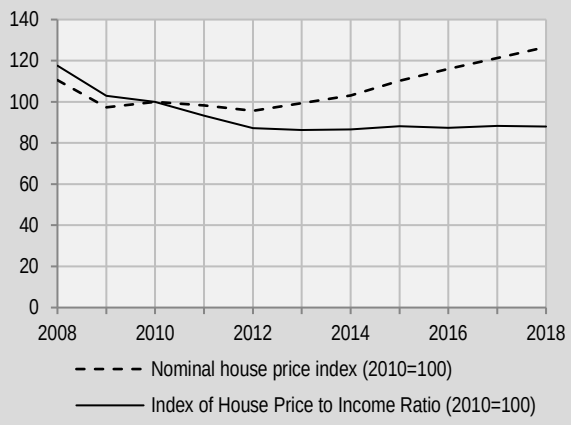
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



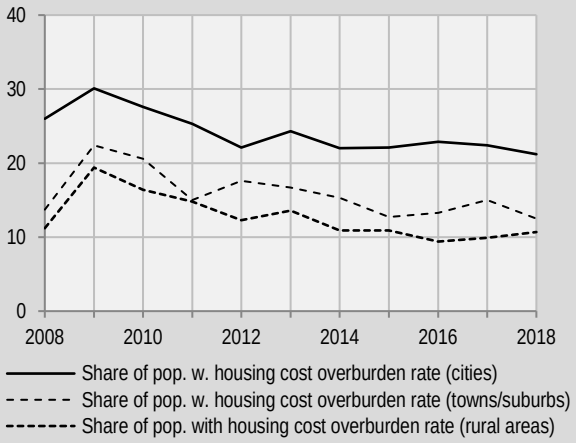
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Rikke Nielsen has been involved as national expert.

1 Governance structure

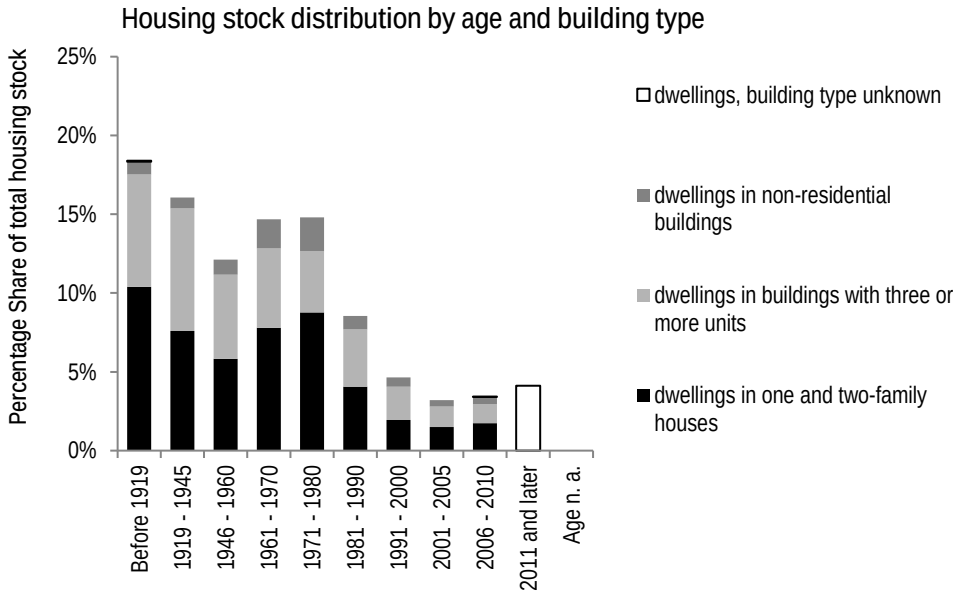
In Denmark, several levels of government are involved in housing policy. The responsibilities for the different areas are shared between the national and the local level. At the national level, several ministries deal with housing policy. The Ministry of Housing as well as the Ministry of Transport are the primary bodies and are responsible for housing as well as construction regulation, infrastructure and urban renewal. Other ministries, without a special focus on housing policy are still in charge of different aspects of housing and sub-themes related to their specific field. The Ministry of Industry, Business and Financial Affairs is responsible for spatial planning. The Ministry of Social Affairs and the Interior is responsible for housing designed for the elderly or for people with disabilities and – together with the Ministry of Employment – for social housing. The responsibility for environmental and energy related aspects of housing lies with the Danish Ministry of Climate, Energy and Utilities. The Danish regions have no role in housing policy per se, but have some minor competencies in the fields of spatial affairs and allocation of social housing. At the local level, municipalities are free to allocate the responsibilities for housing among their administrations themselves. They are mainly responsible for the implementation of housing policy measures. The key municipal actor is usually the Environment and Construction Administration, which is responsible for operations and development, covering everything from securing good housing conditions to working towards changes in the resident composition of deprived housing areas. In some municipalities, a special unit has been set up within the Mayor's office to deal with deprived housing areas, which shows the importance put on solving the challenges in those areas. Its purpose is to coordinate the administration's efforts in these areas, including housing. In most cases, the local governments, especially in cities, will have two departments, which are involved in housing related issues. The social services department deals with housing of specific groups, such as the elderly and people with disabilities. The planning department has the responsibility for the municipal planning of housing. Municipalities have increasingly begun to formulate their own local housing policies in recent years, while previously the main municipal focus was on planning issues and only the major cities had a local housing policy. The responsibility for housing policy in Denmark has shifted at the national level between different ministries over the past ten years, due to changes in the government composition and the reconfiguration of government portfolios (horizontal shifts). Housing policy has formerly been within the purview of the Danish Ministry of Refugees, Immigrants and Integration. After the election of 2011, the new government established a separate „Ministry for Housing, Cities and Rural districts", which was abolished again after the election of 2015. Since then, housing has first been a part of the Ministry for Foreigners, Integration and Housing and then, after a government reorganization in 2016, incorporated into the Ministry of Transport, Building and Housing. After the last elections in 2019, a separate Ministry of Housing has been re-instated. Only small changes in housing policy between levels of government have been introduced over the past ten years in Denmark (vertical shifts). Only small competencies have been shifted from the local to the national level, regarding special measures concerning „hard ghettos".

2 Characteristics of the National Housing System

2.1 The Housing Stock

The housing stock age distribution in Denmark is characterized by a relatively large share of pre-1918 dwellings. Later construction peaks show an increase in stock additions in the 1960s to 1980s. In addition, relatively high levels of new construction in the 2000s until the Great Financial Crisis can be observed. New construction after 1990 represents about 12% of the total stock. Single-family houses comprise about 57% of the stock. Regional housing types differ, with about one third of the urban population living in

single family houses, while in rural areas the share amounts to about 90% of the population. While the general quality of buildings is relatively high as a result of significant refurbishment activities until the end of the 1990s, a small share of housing units still lacks adequate installations and some privately-owned units in rural areas need renovation. A key issue in Denmark is the growing urban-rural divide with problems of underused housing stock in peripheral rural areas. Currently, one focus is on the so-called village renewal to revitalize rural housing stocks. In the general housing stock, investments are due mostly to deficits in energy efficiency, general maintenance as well as barrier-free accessibility.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: EUROSTAT, National Statistical Offices, European Mortgage Federation Federation (calculated from dwelling stock data 2018)

2.2 Housing tenures

The composition of housing tenures in Denmark shows characteristics of a rather diversified system with a low share of owner-occupation in comparison with Europe-wide figures and an almost equal sized rental sector comprising private/market rate, social subsidized, co-operative and municipal tenures.

Typical characteristics of tenures in Denmark		
Tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Includes full rights within legal limits, e.g. for construction. Full ownership is the major share of owner-occupation, especially in rural and suburban areas.	large share (ca. 50%)
Flat ownership/condominium	Condominiums are Land Register property type regulated in the Condominium Act. Each freehold property is regarded as an independent real property and can be sold and mortgaged independently of other condominiums in the property. All condominium owners in the property share property rights in the land, common building areas and technical installations.	small share (about 5%)
Cooperative owner-occupation	see below in section co-op rental tenure	
Other		
Rental tenures		
Market rate private/commercial rental tenures	Private or commercial rental housing first let 1992 and later is market rate rental housing by definition. No regulation on rent levels apply and initial contract rents are market rents subject to individual bargaining. Market rate rental housing is offered half by individual landlords and half by corporations.	medium share (about 20%), including regulated rents

Special regulation regimes	Private rental housing taken in use before 1992 is subject to rent regulation, restricting rents considerably below market prices. Given the overall good quality and maintenance level, entry to this market segment is very restricted in cities, creating insider-outsider-problems on the rental market.	
Public rental tenures	Dwellings owned and let by local governments	Niche (ca. 2%)
Subsidized below market and/or privileged access rental tenures	The social housing sector (Almene boliger) is providing housing on a cost basis by non for-profit housing organisations. Construction is publicly subsidized by municipalities. Up to about 25% of the dwellings is reserved to households in urgent need for housing, allocated by municipalities The majority share is open for the general public with access regulated by waiting lists.	medium share (about 20%)
Cooperative rental or similar national specific tenures	Members of co-operatives have the rights of use and enjoyment of a single condominium. Financing is possible with bank loans (not a mortgage) for individual units, making this tenure a hybrid between ownership and rent. Costs consist in membership shares and monthly rents including maintenance fee. Housing costs in coops have traditionally been below market prices, but recent regulation lowered the gap. Co-operative tenure prevails in urban multi-family houses.	small share (less than 10%)
Homelessness, temporary and informal housing		
Homelessness	Typically associated with singles, migrants, poor people, many with mental problems and problems related to abuse	Estimated at about 6635 people in total in 2017. roofless: about 648 people, houseless: about 2522 people (Danish National Research and Welfare Centre).
Asylum accommodation	Rarely used except during the large inflow of Syrian refugees in 2015; decentralised accommodation (regular housing, hotels as well as non-residential facilities).	no estimations available
Informal housing	very few cases, but foreign lorry drivers have stayed overnight in or around their trucks while they were waiting for new orders.	no estimations available

Source: Denmark statistical Office Data

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

Ownership can be found in all social groups, although it is more common in middle- and higher-income quantiles, especially in the more expensive areas of Denmark. The focus of the Danish housing policy on owner-occupation is visible in a range of policy instruments, which are mainly non-targeted incentives, e.g. tax deductions. The general debate has mainly addressed risks of price bubbles and the effect of rising housing prices on segregation processes in Greater Copenhagen.

Rental tenures

Market rental tenures are associated with all income groups. In rural areas, rental housing is less common and the typical tenure of lower income groups. Social/subsidized rental housing is typically associated with low- and middle-income groups as well as socially deprived residents and ethnic minorities, while it is formally targeted at all societal groups. The Danish social housing sector is called „almen" to denote that it is public, common and universal. Typically, it houses a larger share of ethnic minorities than other sectors. Refugees and immigrants have accessed the rental housing market in Denmark through the social/subsidized rental housing sector. Many individuals of Danish-origin entering the middle-income group tend to move to the suburbs of cities and therefore leave social housing units available for newly arriving residents. These units are generally perceived as high quality, cheap and spacious units, which were, until recently, accessible through a simple waiting list system that could not be subject to discrimination. This has resulted in a concentration of socially deprived residents of Danish origin and of ethnic minorities, especially in some areas. Access to co-operative housing (co-ops) is related to income, but also depends on social relations. Inhabitants of co-ops are often individuals with higher-income and higher social status, while immigrants are less likely to live in co-operatives. As many units in co-ops are smaller and located in larger cities, families are underrepresented. The number of owner-occupied

housing has slightly increased in absolute numbers over the last ten years, but its share in overall housing has slightly decreased due to the construction of a large number of rental units. The number of co-ops has grown in the 1980s and 1990, but has since then stagnated. Currently, the private rental sector received increased policy attention, especially due to recent activities of international institutional investors in the field of refurbishment related speculative investments. This has led to the passing of new legislation in 2020 with the aim to limit refurbishment related rent increases in the regulated pre-1992 housing stock. By contrast, social housing receives a lot of attention and mainly focusses on deprived areas and designated areas on the so-called ghetto list. For both sectors, there is an ongoing discussion regarding the challenge of securing affordable housing in the major cities and the opposite challenge of dealing with vacant and, in case of private rental, sometimes also deteriorating housing units in rural, depopulating areas.

Homelessness, informal and temporary housing

Homelessness is not particularly widespread in Denmark, although recent numbers show substantial increases in the area of Greater Copenhagen and other large cities. In particular, more young persons and women have become homeless more recently. Other forms of informal or temporary housing (apart from temporary housing facilities in agriculture and construction) are not of relevance.

Providers of Housing Services

In Denmark most private market rate rental dwellings are supplied by private landlords and private-sector companies with almost equal shares. Rental services with regards to subsidized housing are supplied by social housing associations, which are non-profit organizations. While the construction of social housing is funded by municipalities, housing associations receive fixed-rate mortgages. Co-operatives provide housing in a hybrid tenure with characteristics of ownership and rental tenure to their members.

2.4 Housing Issues

General challenges

Since the 1980, immigration to Denmark has been growing steadily peaking in 2015 with nearly 100,000 immigrants while the net migration has been relatively stable overall. The majority of immigrants are EU-citizens followed by North Americans, Ukrainians and Chinese. The largest group of immigrants are Danes that return from abroad. There is a clear concentration of immigrants in Greater Copenhagen and the other larger cities, which are experiencing constant pressure on their housing markets. Due to the strong increase in demand, market rents in these areas have increased considerably (yet not excessively). Here, the social housing sector is strongly challenged as more people, also from the middle class, are looking for social housing units. There is an ongoing strong domestic migration flows from rural districts and smaller towns to big cities, first of all Copenhagen, especially among the younger generation (18-24 years old). This has led to an increase in the construction of student dorms particularly in Copenhagen and pushed prices for housing in such accommodations to a quite high level. The net-direction of migration for people aged over 25 is from cities as well as from rural areas towards suburbs or smaller towns, increasing regional disparities. In terms of demographic changes, the ageing Danish population and shrinking household sizes are of the most concern.

Accessibility, affordability and availability problems

Access to owner-occupation is mainly based on financial resources. Little is known about the extent to which discrimination based on non-financial factors affects access to mortgages in the Danish context. Due to rising house prices, especially in metropolitan areas, lower- and middle-income groups are increasingly affected by affordability problems in Denmark, pushing especially first time buyers to the periphery. Regarding the private rental housing sector in Denmark, constraints on access are mainly related to social groups with special requirements. As the implementation of refurbishment schemes is lacking behind, part of the rental stock, mainly in metropolitan areas, is insufficiently accessible for handicapped or elderly people. With immigration fostering demand in bigger cities, a lack of affordable dwellings for new residents seems to be a problem at all income levels as market rents have increased significantly above the inflation rate in recent years. The main availability problem in Denmark is a shortage of units in urban areas, especially in Copenhagen and the other large cities. Some studies indicate

that discrimination by landlords against ethnic minorities might be an issue but the extent of this problem is largely unknown.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

The Danish housing policy broadly follows the paradigm of traditional social market economy, where the state should only intervene in the market in case of failure. Housing policy in Denmark perceives housing as an economic good. Accordingly, market forces are in principle expected to steer the provision of housing opportunities. At the same time, the state supports households who are unable to fulfil their housing needs on the market, while still applying the same market principle to social housing. For example, land and construction costs of social housing are financed via loans in line with other forms of housing and land planned for social housing must be purchased at market prices. Social housing is based on cost-rents, but no profit is added. Therefore, increasing land prices have made social housing more expensive in larger cities since the 2008 crisis. In recent years, an increasing focus on steering the resident composition of deprived housing areas has led to the adoption of the so-called ghetto plan in 2018. Its primary goal is to have no designated ghettos by 2030. The plan has substantial consequences for municipalities and the provision of social housing.

3.2 Housing Policy Instruments

Name	Housing benefit and housing support
Instrument type	Housing allowance
Tenures	Owner-occupied housing; Rental housing; Hybrid/mixed tenures
Description	Housing support rests on two pillars: a) Housing assistance for all tenants who are not receiving social benefits and b) housing benefits for all people regardless of tenure. Entitlement for housing benefit and support depends on the size of the dwelling, income, household size, and the meeting of quality standards of housing. Housing support is capped at 15% of the rent. The support may increase in case children belong to the household. Approximately 25% of all pensioners receive housing benefits. Among non-pensioners, the share of receivers is estimated at 15%.
Target groups	Low-income groups, including students, and retired people with low income. Owners that have retired may also be entitled to housing benefit.
Policy formulation	National level
Funding	Local level
Implementation	Local level
Importance	282,000 retired people received benefits in 2015 of which 269,000 were tenants and only 576 owners. A fourth of all pensioners receive housing benefits. Among non-pensioners roughly 15% receive housing support.
Instrument development	Social benefits and their regulation are regularly adjusted; this mostly concerns details such as inflation adjustment of support or of the upper income limit for being eligible.
Name	Mortgage tax relief
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing; Rental housing
Description	Financing and taxation of privately-owned housing is incorporated into the general legislation concerning the financial sector and general tax legislation. Housing finances in Denmark are strictly regulated; the basic principle is mortgage lending against the estimated value of a property (known as 'Realkredit'). This is decisive for private markets and for the general economic development as it affects all owners of housing in the country.
Target groups	Owners of private housing
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	All households owning a unit; very few do not owe money on their unit
Instrument development	The system has been in operation for more than 250 years and has proven quite robust. The crisis of 2008 led to increasing guarantees required by banks. Consequently, buyers are now forced to hold at least 5% of the total cost as savings at the time of the purchase.

Name	Municipal appointment
Instrument type	Subsidised housing
Tenures	Rental housing
Description	Municipalities have the right to appoint tenants for up to 25% of all their lettings in social housing. Every fourth unit that becomes available within social housing is thus offered to the municipality, which can offer it to households in need of housing. Most municipalities nominate tenants for less than 25% of all their lettings. The municipalities that exercise this right use it to create a stronger social mix in the social housing estates.
Target groups	The target groups of the original instrument are residents who had the greatest difficulties accessing the housing market. In order to achieve the goal of mixed groups in social housing estates, the target groups has changed to being middle income groups
Policy formulation	National and regional level
Funding	Local level
Implementation	Local level in collaboration with the social housing associations.
Importance	6-7% of available units are used for appointments.
Instrument development	The development of this instrument depends on local implementation.
Name	Flexible and combined letting
Instrument type	Subsidised housing
Tenures	Rental housing
Description	Flexible letting was introduced in 2000. It offers municipalities a way to allow people with jobs or students to skip the waiting list for a dwelling in vulnerable housing estates. In 2005, flexible letting was supplemented with combined letting. This allows municipalities to refuse to let a dwelling in a deprived housing estate to a person on social benefits, provided that the municipality offers him/her another dwelling. Both of these instruments have been a way to counter segregation in deprived social housing estates. Together with the application of the right of 100% appointment, it has significantly limited the choices of lower-income groups in the social housing sector and thus in the housing market in general.
Target groups	Two target groups: the first target group are persons in employment and students; the second target group are citizens receiving different kinds of social benefits.
Policy formulation	National level
Funding	n. a.
Implementation	Local level in collaboration with the social housing associations.
Importance	n. a.
Instrument development	Until 2017, flexible letting was optional. With the introduction of the revised ghetto strategy by the end of 2018, flexible letting became mandatory in areas listed as deprived.
Name	Rent regulation
Instrument type	Rent regulation
Tenures	Rental housing
Description	Rents in the private sector are regulated by the „Act on temporary regulation of housing conditions“ (no. 1733 of 2018). In general, there are three different types of rent regulation: a) Cost-related rent, b) rents connected to the value of the housing unit; c) market-based rents. Housing for rent constructed before 1992 is rent-regulated except in 17 municipalities (of 98 in total). In those 17 municipalities, the rent level is expected to follow the rules for market-based rents. For all other municipalities, the cost-related principle applies. About a fifth of all dwellings is private rental housing and the vast majority of these are affected by rent regulation as the majority is older units.
Target groups	The instrument targets low income groups. But as rent regulation is not limited to such households and affects all units which were built or taken into use before 1992, regulation affects all households living in private rental housing.
Policy formulation	National level
Funding	Local level
Implementation	National and local level
Importance	No national funding; municipalities fund 10% of building costs of new social housing units in return for right to appointment
Instrument development	No developments over the past ten years
Name	Housing inspection
Instrument type	Housing quality instrument
Tenures	Rental housing; Hybrid/mixed tenures
Description	The instruments aims at assessing hazards occurring in occupied dwellings. Any apartment must have access to good and sufficient drinking water, have proper drainage for wastewater and show satisfactory access to toilets. If the use of a building is considered a hazard, the local council may prohibit its usage or at least parts of it for housing. The instrument has been a major factor driving the refurbishment of the older housing stock. As the general level of quality has increased, the importance of the instrument is declining.
Target groups	All households
Policy formulation	National level
Funding	Not relevant
Implementation	Local level
Importance	n. a.
Instrument development	No developments over the past ten years

Name	The tools of the ghetto-strategy
Instrument type	Hybrid instrument
Tenures	Rental housing
Description	In November 2018, a new 'ghetto strategy' was passed by parliament. It is based on previous regulation, but also shows a tightening of the approach to deprived areas, which is also reflected in the related discourse. The ghetto strategy consists of a large number of instruments (22) centred around five topics: a) Physical change and conversion of deprived areas (including changing the tenure composition of the areas; b) stricter control concerning eligibility in order to change the residential composition; c) strengthened police effort and higher penalties in order to fight crime and create a greater feeling of security; d) a range of initiatives regarding infrastructure for families with children (e.g. schooling and day-care institutions); and a focus on identifying deprived children as early as possible; e) The strategy is expected to counter the emergence and deepening of parallel societies, e.g. specifically through an appointed committee of 'ghetto representatives'.
Target groups	Two target groups: first target group are e.g. people in employment and students and second target group are citizens receiving different kinds of social benefits, criminals and people receiving the so-called integration benefit, whose recipients are mainly immigrants
Policy formulation	National level
Funding	Local level
Implementation	Local level supervised by the national government
Importance	n. a.
Instrument development	Introduction in November 2018

3.3 Reform trends

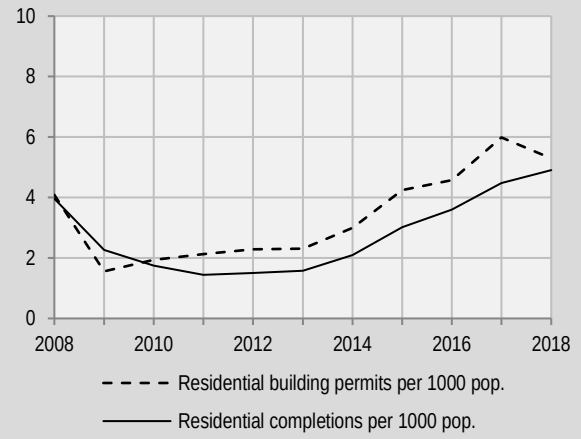
Housing policy development in Denmark is characterised by significant reforms in the area of subsidised housing, particularly with regard to the mechanisms of housing mediation, which should have a strong impact on supply conditions in this segment. Furthermore, recent passing of new legislation in January 2020 includes several measures with the aim to limit the possibilities for speculations of investors and keeping rent levels down. Furthermore, the current housing policy discussion is strongly influenced by spatial contrasts in the Copenhagen area and the more rural areas.

Estonia

Population (million, 2018)	1.32	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	19.6	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	1.25	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	22.2	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	45,227	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	14.9	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	30.4	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	15,070	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	68.2	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	16,764	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	42	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	24.4	EUROSTAT, series t2020_50

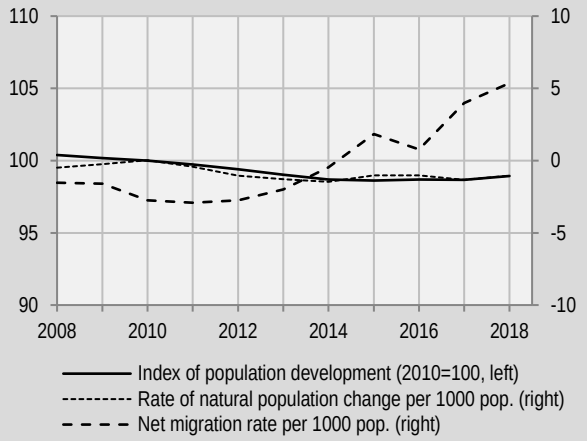
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



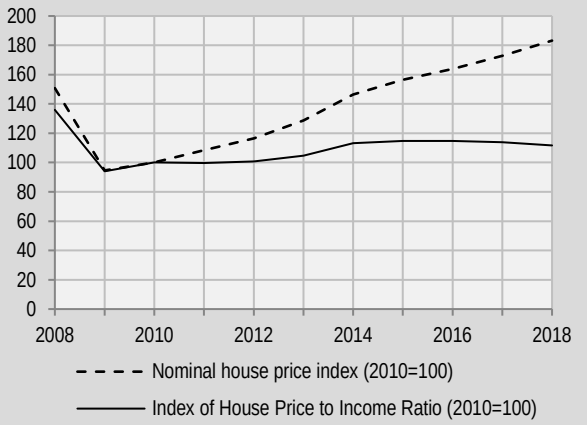
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



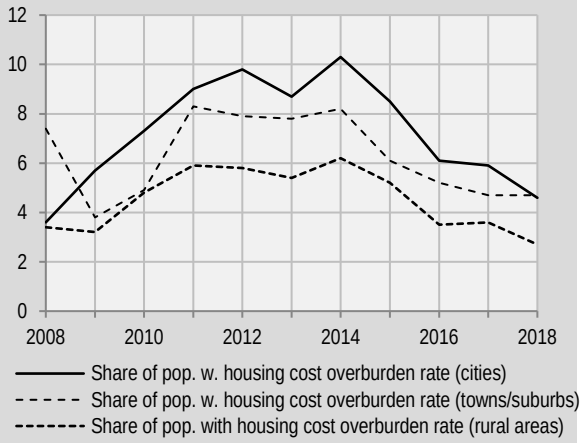
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Irene Kull has been involved as national expert.

1 Governance structure

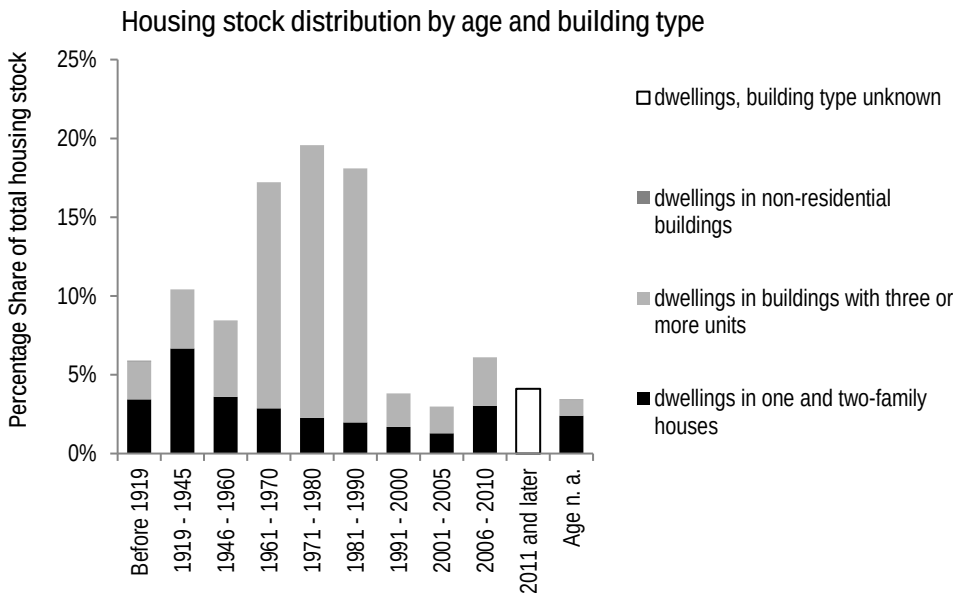
In Estonia, there are two levels of government are involved in housing policy. The responsibilities for the different areas are distributed over the national and the local level. At the national level, several ministries are associated with housing policy: The Ministry of Economic Affairs and Communication, the Ministry of Justice, the Ministry of Social Affairs, the Ministry of Finance the Ministry of Culture and the Ministry of Environment. The Ministry of Economic Affairs and Communication is responsible for construction and housing sector including a multitude of various tasks. Administration and Management of buildings including quality and safety requirements, the maintenance of the housing stock at a sustainable level, support and loan programmes for the renovation of apartment houses for the purposes of reducing the energy consumption of buildings or establishing minimum energy performance requirements are exemplary duties and responsibilities of the Ministry of Economic Affairs and Communication. The Ministry of Justice is responsible for the legal framework of tenancy relations and housing policy in general. Measures provided for housing policy also involve obligations of Ministry of Social Affairs, Ministry of Finance, National Heritage Board, Enterprise Estonia, and Ministry of Environment. Regarding financing tenancy and housing the state-owned financing institution *KredEx* plays an important role. The Ministry of Social Affairs is responsible for welfare, housing benefits and homelessness, while the Ministry of Justice is responsible for jurisdiction, the portal on immovables and the e-Land Register. Territorial cohesion and planning, regional development are the duties of the Ministry of Finance, while the Ministry of Cultural Affairs is responsible for architecture and cultural heritage and the Ministry of Environment land is responsible for management and land board. The 15 counties of Estonia are the first-level administrative subdivisions. Each county is further divided into urban and rural municipalities. Since 2017, there are 79 municipalities. Due to the Constitution and the Local Government Organisation Act, local governments are responsible for the organisation of the housing and utilities sector within the administrative territory of the local government. The Social Welfare Act delegates the constitutional task of assisting those in need to the local governments stating that local government bodies are required to provide dwellings for persons or families who are unable or incapable of securing housing for themselves. Local municipalities are also responsible for drafting comprehensive plans and detailed plans, for issuing construction permits, for administrating the housing allowance and for administrating the allocation of municipal dwellings. In the past ten years, the responsibility for housing policy in Estonia has not shifted vertically. Regarding horizontal shifts the housing policy has been responsibility of Ministry of Economic Affairs and Communications and there has been no shifts regarding housing policy.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The housing stock in Estonia is characterised by a particularly large proportion of dwellings from the 1960s and 1980s which account for more than half of the dwelling stock. New construction after 1990 represents about 17% of the total stock. In 2018 new dwelling construction continued its growth trend for the seventh year in a row with a total of nearly 6,500 new built dwellings, which are mainly located in Tallinn or the surrounding area of the capital and in Tartu County. A relatively high share of the population (65%) lives in multifamily houses. About 30% of the stock is in single family houses. Regional mismatch with excessive supply in rural areas and greater demand pressure in big cities like Tallinn or Tartu is an issue. Regarding shortcomings, especially the prefabricated buildings from the 1960s till 1980s suffer energy efficiency and barrier-free issues. Funding for refurbishment and development of housing is available for local

governments. Furthermore, the government provides grants and loan guarantees for refurbishment of the dwelling stock built before 1993 via KredEx Fund.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: EUROSTAT, National Statistical Offices, European Mortgage Federation Federation (calculated from cumulative housing completions to 2018)

2.2 Housing tenures

The composition of housing tenures in Estonia show characteristics of a concentrated system. A share of about 80% of all dwellings are associated with owner-occupation, the larger part of it as shared ownership. The public social rental sector is estimated at about 2% of all dwellings. The share of private rental is about 8%, with estimates of about 15%, when accounting for informal and within family letting activity.

Typical characteristics of tenures in Estonia		
Tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Law of Property Act (LPA) (asjaõigusseadus), passed 09.06.1993, entry into force 01.12.1993, RT I 1993, 39, 590 (in Estonian). Ownership is full legal control by a person over a thing. An owner has the right to possess, use and dispose of a thing, and to demand the prevention of violation of these rights and elimination of the consequences of violation from all other persons. The rights of an owner may only be restricted by law or the rights of other persons. The right to buy the property may be restricted by someone else's right of pre-emption. Ownership also means liability for the property. Immovable property ownership extends to the ground, airspace above and into the earth beneath the surface to such height or depth to which the interest of the owner extends in the use of the immovable. Immovable property ownership restrictions shall be established by law, an administrative act, court decision or transaction. Land and a construction that is permanently attached to the land shall not be in the ownership of different persons.	medium share (ca. 25% of dwellings)

Flat ownership/condominium	Provisions of the Law of Property Act concerning immovable property ownership apply respectively. Apartment ownership is created by entry in the Land Register whereby an independent land register part will be opened for each apartment ownership. Condominiums are regulated by Apartment Ownership and Apartment Associations Act (passed 19.02.2014, RT I, 13.03.2014, 3, entry into force 01.01.2018). Apartment Ownership and Apartment associations Act (2014) provides (§ 1) that 'apartment ownership' means exclusive ownership of the physical share of a building together with a legal share of common ownership of the immovable to which the exclusive ownership belongs. 'Apartment association' means a legal person in private law the members of which are all the owners of apartment ownerships of one immovable property ownership divided into apartment ownerships.	large share (ca. 55% of dwellings)
Cooperative owner-occupation	Building associations can be considered as a special (intermediate) type of tenure. Building associations were a relic of the Soviet period, and no new building associations has been established for residential buildings after the Estonian independence. Residential building associations are being transferred into the apartment ownership (privatized). As a result, as in 2000 there were still 5% of dwellings under cooperative ownership, from 2011 there are no longer any cooperatives in existence.	
Other/unknown	Proprietary rights of occupancy under Estonian law can be in the form of usufruct and personal right of use. Rules on usufruct are provided in § 201-224 of the Law of Property Act. A usufruct encumbers an immovable in such a way that the person for whose benefit the usufruct is established is entitled to use the immovable and to acquire the fruits thereof. In addition to usufruct Estonian law also recognises personal right of use. This is regulated in § 225-228 of the Law of Property Act, if a personal right of use is related to possession, the corresponding provisions concerning usufruct apply. A personal right of use encumbers an immovable in such a way that the person for whose benefit it is established is entitled to use the immovable in a particular manner or to exercise with respect to the immovable a particular right which in substance corresponds to a real servitude. One other possibility is the right of superficies (emphyteusis lease), that is regulated in § 241- 255-1 of the Law of Property Act. It constitutes a transferable and inheritable right for a specified term to own a construction permanently attached to the immovable. A right of superficies may only be established for a certain term but for not more than 99 years, after that the term may be renewed again for up to 99 years. The superficiary shall pay for the right of superficies to the owner of the immovable unless otherwise agreed. If a right of superficies extinguishes due to expiry of its term, the owner of the immovable shall pay the superficiary compensation for the construction which remains on the immovable.	niche

Rental tenures		
Market rate private/commercial rental tenures	Residential lease contracts are regulated in the Law of Obligations Act Part 3 (Contracts for Use), Chapter 15 (Lease Contracts) Arts. 271- 338. The object of the residential lease contract is a dwelling. Dwelling under Article 272 of the LOA is a residential building or apartment which is used for permanent habitation for natural persons Rules on residential lease contracts are mandatory. Basic rules comprise Termination: Rules on termination vary depending on, whether the contract is entered into for a specified or an unspecified term. In case of a contract for an unspecified term both parties have an ordinary right for termination with at least three months' notice. No ordinary termination right applies to a fixed term contract. Rent setting and rent increase: Parties are free to negotiate the initial rent while entering into a contract. Restrictions on the frequency of rent increases during the duration of the contract apply, depending on the form of contract (fixed term or unspecified term). Utility costs: A lessee bears expenses related to the leased thing (accessory expenses) only if agreed on in the contract. Maintenance and modernisation duties: Maintenance of the property in a suitable condition for contractual use throughout the duration of the contract is within the duty of the landlord, if not related to minor repairs and if not otherwise agreed on.	small share (9% of dwellings in census 2011), estimated medium share (about 15%)
Special regulation regimes		
Public rental tenures	Public rental tenure relate to state or municipally owned rental dwellings. The specific rules on residential lease contracts in the Law of Obligations Act do not apply to lease contracts the object of which is a dwelling which the state, a local government or other legal person in public law leases, in order to perform its functions arising from law, to persons who urgently need a dwelling or persons acquiring education, if the lessee is informed of the intended use of the room upon entry into the contract (Law of Obligations Act § 272 (4) 4)). Public housing is most commonly provided by local government entities for vulnerable social groups. Access rules and funding are subject to local regulations, and my also address non vulnerable groups, e.g. the public housing for employees of institutions administrated by the city and young families in Tallinn.	small share (ca. 2% of dwellings)
Subsidized below market and/or privileged access rental tenures		
Cooperative rental or similar national specific tenures		
Other/unknown		small share (est. ca. 5-10% of dwellings, including unknown tenure status
Hybrid forms, e.g. rent-to-buy schemes		
Homelessness, temporary and informal housing		
Homelessness	There is no legally required data collection on homelessness in Estonia and also there is no official definition of homelessness in Estonian legislation. In Estonia accommodation for homeless people can be places in a shelter, in a residential facility units or social or municipal apartments.	ca. 2400 persons in shelters in 2017 according to statistics of the Ministry of Social Affairs. No data on rooflessness, living in insecure housing conditions, living in inadequate housing or squatting available.

Asylum accommodation	Accommodation Centre for Asylum Seekers is an agency administered by the AS Hoolekandeteenused, the duty of which is to organize the provision of necessary services to applicants during asylum proceedings. Accommodation Centre for Asylum Seekers is located in Vao, a village in Lääne-Viru County. In 2016 a second Accommodation Centre in Vägeva in Jõgeva Parish, Jõgeva County was opened. Migration is estimated not have a relevant impact on homelessness, given the low number of asylum seekers.	n. a.
Informal housing		n. a.

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

Due to the fact that owner-occupation is the most common form of tenures in Estonia and the condition of the dwellings varies, there are no specific social groups associated with home ownership in general. The support by the state is targeting households of average or high-level income and favours mainly home-ownership. There were no significant changes in the development of owner-occupied housing tenures in Estonia. The only development was the termination of the co-operative ownership scheme in 2011.

Rental tenures

There is no detailed information regarding composition of social groups in rental housing. In general, rental housing can be seen as a transitory tenure and is therefore associated more with younger people, or people with higher labour mobility. Social housing is associated with the more vulnerable part of the population. There are no significant changes in development of rental housing tenures, but in recent years the popularity of rental housing has increased. Market-rate rental does not get much attention. The Estonian National Housing Development Plan for the years 2008-2013 stipulated support for increasing municipally owned housing stock, but this measure has not been implemented since 2008 due to a lack of political will and financial issues.

Homelessness, informal and temporary housing

There are two forms of homelessness existing in Estonia: rooflessness and houselessness. In 2016, about 3,000 to 3,500 homeless persons visited shelters or other places provided for short-term accommodation. The number of homeless people decreased since 2016 due to programs provided by local governments and has stabilized between 2,300-2,500 persons. However, there is no data about the social groups in the various forms of homelessness. In 2017, an estimated 13% of homeless people were female. Regarding homelessness in Estonia no national policy strategy is existing. Municipalities provide temporary housing and more advanced help schemes. To effectively help the homeless, more local municipalities try to establish social housing provision together with re-socialization methods. For example, Tallinn has created a four-step re-socialization system for homeless people, which is supported by accommodation possibilities of different comfort levels: night shelters and shelters for emergency assistance, shelters for people in difficulties, social housing units and social and municipal housing.

Providers of Housing Services

The majority of rental homes are offered by private landlords or small buy-to-let investors, who own only one or a few apartments for rent. Subsidized housing is supplied through public bodies or agencies. Social housing is provided by local government entities.

2.4 Housing Issues

General Housing provision problems

Estonia has been heavily influenced by immigration from other parts of the Soviet Union following World War II and by massive emigration as a result of the opening of the Estonian borders in 1992. Due to a low number of asylum seekers and beneficiaries of international protection in Estonia, migration does not have a larger impact on homelessness. Most migrants stay temporarily in Estonia to work or study and do not need extra help form the state. Asylum seekers who have come to live permanently in Estonia receive help from the Accommodation Centres. There is internal migration from rural areas to the larger cities like Tallinn and Tartu mainly for better jobs and access to services. Social housing is lacking in those metropolitan areas which causes long waiting lists for social housing units. Moreover, housing prices are

increasing in the bigger cities. In terms of demographic changes, the ageing Estonian population and shrinking household sizes are of some concern as they increase the demand for age-appropriate housing and smaller units. Energy and climate related issues have only more recently influenced national government programs in the housing sector. Approximately 33% of energy use in Estonia goes into housing. Therefore, improving the energy performance of residential buildings is important. Even as energy efficiency is mainly related to the poor quality of houses, it is a quite new but important topic in Estonian housing policy. Several support mechanisms are available to improve the energy efficiency of existing buildings.

Accessibility, affordability and availability problems

There is no evidence of accessibility problems in the Estonian owner-occupied sector. Regarding the private rental housing sector, there are accessibility problems as some people lack digital knowledge to search for an apartment an advertisements being online. Another problem is the low social skills of people living in social housing units, which makes landlords to prefer other candidates. Another problem is that people who have received help from the local municipality face discrimination by landlords as they do not appear as respectable or not reliable enough. Another problem regarding the rental housing market is the language barrier as most of the advertisements is done in Estonian. There are also affordability problems due to high rents in large cities. In 2017 rents for apartments in Tallinn increased by around 5% on average. In Estonia, there are empty dwellings all over the country but the figure for unoccupied dwellings does not reflect the housing supply available for new occupants, since approximately 25% of the units are occupied for secondary use or the dwellings are not in a suitable condition for living. Availability is mainly a problem in smaller towns where construction activity is lower. In Tallinn, there are no major availability problems besides a shortage of apartments of adequate size. In rural areas, the population is decreasing while problems with utilities and maintenance are increasing. In general, there is a shortage of rental apartments in smaller towns and rural areas and a lack of subsidized, social or municipal housing causing long waiting lists up to several years to receive such a housing unit.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

The constitution of Estonia does not directly stipulate the right to housing and covers only the existential minimum including a shelter and food in the case of need. Central government funds social housing measures organized by local authorities and municipalities. The legal framework for this purpose is provided by The Social Welfare Act. There is no explicitly agreed upon basis for the current housing policy. The few existing and formulated ideas reveal a liberal approach towards housing as the dominant principle. Currently, housing policy is meant to support home ownership and restrict interference into rental markets only to provide social housing for low-income segments of the population. The long-term principles of the housing sector are availability and quality of housing, sustainability of the housing stock as well as diversity and balanced sustainable development of residential areas. It is the duty of the state to provide a framework for the housing market that will allow owners of residential premises and tenants to solve their housing problems as independently as possible. The Development Plan 2008-2013 identified several problems regarding housing policy in Estonia and developed three main principles: Guaranteed access to suitable and affordable housing, achieving high quality and sustainable housing and residential areas and ensuring diversity, balanced and sustainable development of residential areas. Following the national housing policy document for 2014-2030, the future national housing policy will mainly target energy savings measures. The only change regarding the principles of housing policy occurred in 2014, when the Estonian Energy Development Plan 2030+ was adapted.

3.2 Housing Policy Instruments

Name	Housing allowance / Subsistence benefit
Instrument type	Housing allowance
Tenures	Owner-occupied housing; Rental housing
Description	Subsistence benefits are based on the net income for the previous month of a person living alone or all members of a family, residence expenses to be paid for the current month, and the subsistence level. In 2019, the subsistence level for a single person or for the first member of a family is € 150 per month. Tenants and owners are entitled to get subsistence benefit, but normally a rent that can be included in applying for compensation is lower than rent level in private market.
Target groups	Low income groups More than 3/5 of all recipient households are one-person households (62.7% in 2017).
Policy formulation	National level
Funding	National level
Implementation	Local level
Importance	In 2018, 12,226 households received benefits (20,931 persons)
Instrument development	Recalibrated. The subsistence level has risen from € 76.70 in 2012 to € 150 in 2019.
Name	Housing loan guarantee
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	The application for the guarantee is filed through the bank along with the loan application. The loan application is submitted to the bank together with a document verifying that the applicant belongs to the target group, and the *KredEx* guarantee is stated as one of the guarantees. Housing loan guarantee is based in several terms like the loan guarantee amount is up to 24% of the value of the loan guarantee property, but not more than € 20,000. Up to € 50,000 in the target group of those purchasing energy-efficient housing or reconstructing housing to become energy-efficient.
Target groups	Young families, young specialists, energy efficiency-oriented households, tenants of restituted premises, veterans
Policy formulation	National level
Funding	National level
Implementation	Fund by *KredEx*
Importance	Since the year 2000, 33,690 households (young families, young specialist, and tenants of renovated houses) have benefited (31 December 2018). Every fifth housing loan is guaranteed by this measure. E.g. in 2018, guarantees were issued for € 35 million, enabling housing conditions for 3,383 households to be improved for loans amounting to € 284 million issued by the banks.
Instrument development	No changes
Name	Land tax incentive for land under home
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	Land tax incentive for land under home is applicable only to owner-occupied land. In case of land tax, the object of taxation is land and the owner of the land is subject to pay the tax. Since 2013 all land owners and land users are freed from the obligation to pay land tax on residential land in the use of such persons to the extent of 1500 m^2 in cities and 2000 m^2 in rural municipalities if the taxpayer's residence is in the residential building located on this land pursuant to the residence data entered in the population register.
Target groups	Homeowners
Policy formulation	National level
Funding	n. a.
Implementation	National level
Importance	Approximately 153,700 homeowners were exempt from paying land tax in the city of Tallinn in 2016.
Instrument development	Introduction 2013
Name	Deduction of housing loan interest
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	A person has the right to deduct interest payments for a loan taken for acquiring a house or apartment for himself or herself up to € 300 per year. If a person does not use the housing acquired for his or her own residence, for example, the dwelling is let out on hire or used in business activity, no tax incentive on housing loan interests shall be used.
Target groups	Owners
Policy formulation	National level
Funding	National level
Implementation	Tax and Customs board
Importance	n. a.
Instrument development	Recalibration towards lower deductible amount

Name	Development of municipal rental housing stock
Instrument type	Subsidised housing
Tenures	Rental housing
Description	The 50% grant is intended for a local government or entity under its control, whose statutory activity is the organization of housing in the territory of a local government and who performs the relevant public functions under an administrative act or an administrative contract. Support is provided for several costs like construction work to reduce energy consumption or furnishing the apartment with essential kitchen furniture and sanitary ware.
Target groups	Mobile workforce; socio-economically vulnerable households
Policy formulation	National level
Funding	National level
Implementation	Local level (in cooperation with *KredEX*)
Importance	Ca 25 rented houses or converting an existing building between 2018 and 2021. Total amount: 600 dwellings. Budget: € 20 million for period 2017-2021.
Instrument development	Introduction 2017
Name	Grant for adapting dwellings for disabled people
Instrument type	Subsidised housing
Tenures	Owner-occupied housing; Rental housing
Description	Since 2018 local governments can apply for grant to support adjustment of dwellings of disabled people living in their administrative unit. Adaptation refers to constructional measures, which result in an improvement in a person's ability to cope or reduces the care burden of an assistant.
Target groups	Disabled persons
Policy formulation	National level
Funding	National level
Implementation	Local level
Importance	At least 2,000 persons. The total budget is € 9,481,546
Instrument development	Introduction 2018
Name	Support measure for reconstruction of apartment buildings
Instrument type	Energy-related instrument
Tenures	Owner-occupied housing; Rental housing
Description	Support measure for reconstruction of apartment buildings is possible to apply for the grant in the amount of 15%, 25% and 40% of the total cost of the construction. Among others the main eligible tasks are insulation of envelope structures, exchange of windows and front doors, replacement or reconstruction of the heating system and the installation of equipment necessary for using renewable energy.
Target groups	The grant is designed for associations and communities wishing to reconstruct their apartment buildings as completely as possible.
Policy formulation	National level
Funding	National level
Implementation	KredEX
Importance	n. a.
Instrument development	Introduction 2015
Name	Home grant for improving living conditions of families with many children
Instrument type	Quality-related measure
Tenures	Owner-occupied housing
Description	Home grant for improving living conditions of families with many children is an improved standard regarding modernization and refurbishment.
Target groups	Low-income families, who either lack housing that would meet the needs of their household or whose housing does not comply with basic standards of living conditions, incl. a lack of a water or sewage system or washing facilities, the roof is not waterproof or heating sources do not ensure an optimal air temperature level of the housing.
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	n. a.
Instrument development	No changes

3.3 Reform trends

In Estonia, ensuring the sustainability of the building fund as well as renewal and increasing energy efficiency of housing stock have been the two main tools for achieving the housing policy goals. In addition, Estonia is characterised by the fact that recent reform activities focus on subsidized housing and thus the policy mix of housing policy shifts in favour of object-oriented promotion in Estonia. Since 2019 the support measure for reconstruction of apartment buildings has been redesigned and the regional aspect has included. Depending on the property value in the municipalities the grant is 30, 40 or 50%. From this autumn *KredEx* also has the pilot for the apartment buildings where prefabricated panels are

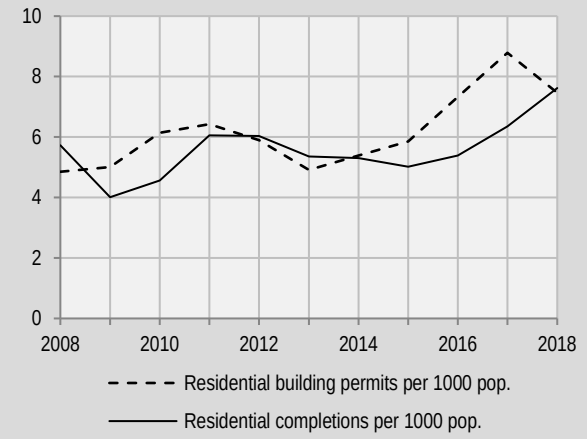
used for reconstruction (ca 20 buildings and 800 dwellings). This year the Long Term Renovation Strategy was adopted and under that several new measures and instruments are planned for the next years (e.g. Housing Investment Fund to provide sustainable financing for apartment building renovations; arrangement and demolition measure for the shrinking municipalities).

Finland

Population (million, 2018)	5.51	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	21.4	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	5.46	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	22.0	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	338,440	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	6.6	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	18.1	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	36,780	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	71.4	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	25,052	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	42.7	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	16.5	EUROSTAT, series t2020_50

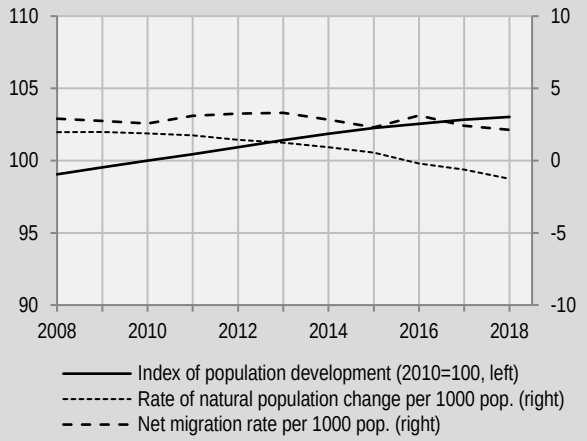
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



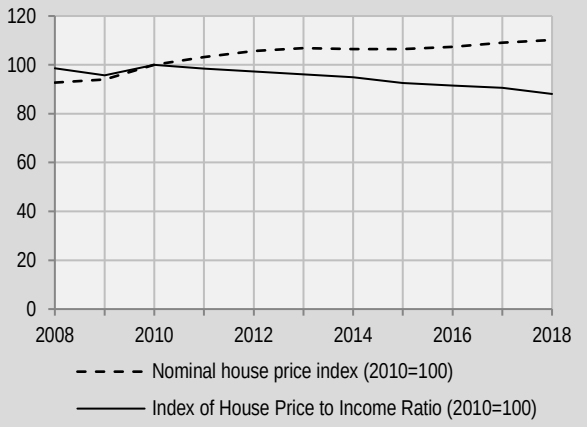
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



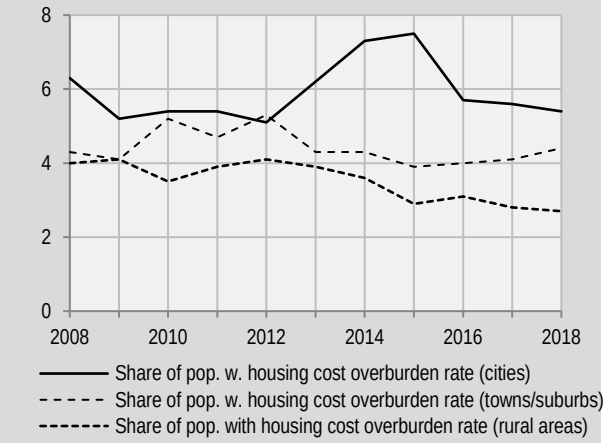
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Heikki Loikkanen has been involved as national expert.

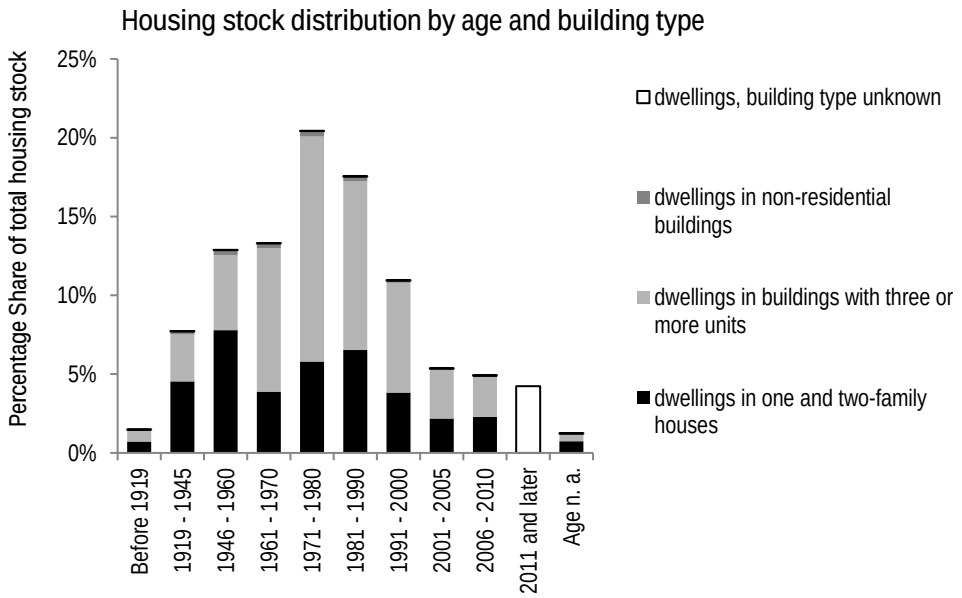
1 Governance structure

Finland has two levels of government, the central government and the municipalities (310 in 2020), both of which have housing policy responsibilities. At the national level, various ministries are involved in housing policy issues. The Ministry of Environment is responsible for the general formulation and guiding of national housing policy. This includes the Housing Finance and Development Centre of Finland (ARA), which is the government agency for implementing national housing policy (social housing) by granting interest subsidies and guarantees for housing loans and various grants. The Ministry of Finance is responsible for taxation that affects housing. The Ministry of Social Affairs and Health and the government agency, Social Insurance Institution (KELA) manage the housing allowance system. The Ministry of Labour and the Ministry of Transport and Communications also have functions related to housing. At the regional level, there are 18 regional councils (joint organizations of municipalities), which are responsible for regional spatial planning and promote regional development. The local governments in Finland have a relatively high degree of autonomy. Most municipalities have their own departments for land use and housing. Municipalities are responsible for master planning and detailed planning, and they are involved in the development of the built environment, including housing. They also manage the building law and some other activities in the housing sector, such as monitoring the selection of tenants for state-subsidized rental housing. Some municipalities (e.g. Helsinki) own land and can therefore not only divide the zones, but also manage the use of the land, and price and lease it at the market or subsidized rate. In addition, some cities have their own property development company, which develops publicly subsidized apartments, free-market rental apartments and in case of Helsinki also HITAS condominiums. They are owner-occupied dwellings in residential buildings located on municipal land that is leased to apartment owners at subsidized land rents. Responsibilities in housing policy have not changed recently. There was no major vertical shift towards decentralization or centralization. Nevertheless, the powers of local governments in zoning have been extended, and the review possibilities by the central government have been reduced. Furthermore, the administration and the payment of income support, which may cover subsidies for housing costs, were transferred from the municipalities to *Kela* (Social Insurance Institution) in 2017. However, the state and local governments continue to co-finance income support.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The largest share of the Finnish housing stock was constructed in the 1970s and 1980s. Pre-war dwellings account for less than 10% of the stock. New construction after 1990 represents 25% of the dwelling stock. Overall, single-family houses typically dominate in the countryside, and if row houses are included, this also applies to many suburbs. In rural areas on average 90% of the population lives in single family houses, and, in total, 38% of the dwellings are situated in single family houses. In the city centres, on the other hand, blocks of flats are common, like in many suburbs, too. About 40% of the urban population lives in single-family houses. Although the size of dwellings has increased on average, they can still be classified as rather small (on average 79m^2 in 2019). Overcrowded housing (more than one person per room) has been rather common in Finland. Even though there has been significant progress, 17.2% of the population still lived in overcrowded dwellings in 2017.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: EUROSTAT, National Statistical Offices, European Mortgage Federation Federation (calculated from dwelling stock data 2017)

2.2 Housing tenures

The Finnish tenure composition can be described as a strongly diversified system with about two thirds of the dwelling stock being associated to owner-occupation. Within rental tenures, the subsidized social sector relates to about 12% and the private and market rate rental sector to ca. 21% of the stock.

Typical characteristics of tenures in Finland		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Ownership includes the full liability for the premises, including the liability of maintenance, repair, and bearing of public taxes, levies and duties. The Code of Real Estate defines the rules for acquisition, registration and liens, e.g. mortgages.	medium share (ca. 34% of dwellings)
Flat ownership/condominium	Flat ownership is organised by (Limited Liability) housing companies. The right to reside in a particular flat is tied to the ownership of shares in the housing company that owns and manages the property. Residents pay a monthly fee to cover maintenance costs and other expenses. Transfer of ownership is executed by a share deal consequently. The Limited Liability Housing Companies Act (housing condominium act) defines ownership, transfer of possession, maintenance and alteration works. Decisions regarding the management of the property are taken by the shareholders in open assemblies. The shareholders can also rent their flats.	medium share (ca. 29% of dwellings)
Cooperative owner-occupation		
Other		
Rental tenures		
Market rate private/commercial rental tenures	Rents in the private sector are determined by the market conditions. The Act on Residential Leases regulates private rental agreements concerning the responsibilities of a lessor and a tenant, rent setting and increases, as well as lease termination. Access to private rental housing must be granted without discrimination when the landlord is a public body or in the case that a lease offer was publicly announced.	medium share (ca. 21% of dwellings)
Special regulation regimes		
Public rental tenures		
Subsidized below market and/or privileged access rental tenures	State-subsidized social rented dwellings in Finland are owned both by local authorities or limited-profit organisations following the regulations of the Act on State-subsidized Housing Loans (ARAVA Act). Financing is based on the national ARAVA loan scheme (until 2007) or interest subsidy loans. Dwellings retain a social rental status for the duration of the interest subsidy, typically for 10-40 years. The tenant selection is supervised by	medium share (ca. 12% of dwellings)

	municipalities. Eligibility criteria are urgency of housing need, income and financial circumstances. Priority is given to homeless, applicants in urgent need of housing and households with the least financial means. Rents are set on a cost base, including capital costs and maintenance expenses. The Housing Finance and Development Centre (ARA) supervises the implementation of rent setting principles. Exemptions may be granted by ARA upon application, e.g. in order to improve the functionality of the local housing market or to prevent dwellings from vacancies. In order to cover additional costs caused by housing solutions needed by special groups, the Act on Subsidies for Improving the Housing Conditions of Special Group regulates the issue of investment grants of up to 50 % of the approved costs for the construction, acquisition or renovation costs of housing units in question.	
Cooperative rental or similar national specific tenures		
Other		
Hybrid forms, e.g. rent-to-buy schemes	- Right-of-occupancy housing (Act on Right-of Occupancy Housing): In this hybrid tenure, tenants pay a reimbursable right-of-occupancy fee amounting to 15 % of the purchase price of the dwelling together with a monthly occupancy fee. Right-of-occupancy schemes do not entitle residents to purchase their homes. The owner may not unilaterally terminate the right-of-occupancy agreement. Eligibility for state-subsidised right-of-occupancy housing, which applies to most dwellings in this tenure, is based on criteria such as the applicant's need and financial circumstances. In the market-financed right-of-occupancy housing schemes, no comparable access criteria apply. - Part-ownership housing: Tenants pay for an initial 15% share of their dwelling, and an additional rental payment in return for a right of residency under a fixed-period tenancy (from 5-12 years) with the option to buy the property at the termination of the contract. Eligibility for interest subsidy financed part-ownership dwellings is based on social and financial factors. After purchasing, restrictions apply no more. Conditions for market-financed part-ownership schemes run by construction companies differ.	- Right-of-occupancy small share (about 1.6% of Finnish households) - Part-ownership housing: niche (<10,000 units)
Homelessness, temporary and informal housing		
Homelessness	Homelessness refers to roofless people, population in temporary shelters and hostels, and those living in shared apartments with other households or in in institutional accommodation due to a lack of housing	data of 11/2017: about 6,600, of which about 400 roofless and in temporary shelters
Asylum accommodation	Reception centres for asylum seekers	12/2018 data: capacity of about 8,000 in 43 initial reception centres. Occupancy about 7,000 persons.
Informal housing	Not applicable in Finland.	

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

Home ownership is common in middle- and higher-income households and in the households with longer duration of ownership (senior households). In rural and in sparsely populated areas home ownership is usually the most common tenure. In general, in the housing policy agenda of the government and Ministry of Environment, not much attention is payed to owner-occupied housing anymore. Interest subsidized state loans to new owner-occupied housing ended in 1997. However, owner-occupied housing gains from tax exemptions, which are housing policy instruments, too.

Rental tenures

In the urban areas**,** many social groups are living in the market rental housing. In rural and dispersed areas, the share of rental housing is lower. Typically, lower income groups are associated with rental housing. State-subsidised rental housing is aimed at the lowest income groups. Tenants must be selected based on social considerations: The urgency of the applicant's housing need, the level of income and financial means. Priority is given to homeless applicants. This is based on the Government Decree on the Selection of Tenants for State-Subsidised (ARAVA) and Interest-Subsidy Rental Dwellings. In general**,** the share of rental housing is increasing slightly. In new construction, the construction of blocks of flats has significantly increased and number of new detached houses significantly decreased.

Homelessness, informal and temporary housing

Homelessness has received great attention in the government housing policy during the last ten years. During the Programme to reduce long-term homelessness (PAAVO 2008–2015), the Housing First principle has been implemented in the work on homelessness and shelters have been replaced by housing units based on supported rental housing. During the programme period, long-term homelessness decreased by 1345 persons (35 %). Finland implemented an Action Plan for Preventing Homelessness in 2016–2019. The target group of the programme included people who have recently become homeless and people at risk of becoming homeless. Currently**,** Cooperation Programme to Halve Homelessness 2020–2022, is implemented by the central and local governments. The key objective is to strengthen the homelessness work of local authorities through the use and development of social services by allocating more affordable housing for people at risk of homelessness. Municipalities are also setting up cooperation networks.

Providers of Housing Services

State-subsidized rental housing is provided by municipalities, municipal housing companies and limited profit corporations that fulfil certain conditions on the activity, solidity, risk-taking and profit distribution of the corporation as laid down in regulations. About 60 % of the state-subsidised dwellings are municipally owned (includes also municipal housing companies). In the market rental sector over 60 % of the dwellings are owned by private persons and the rest by private companies (such as the specialised residential property investment companies, pension funds and property funds).

2.4 Housing Issues

General Challenges

Overall, Finland's population has grown to 5.5 million in 2018, although more recently the increase is mainly due to net immigration. Especially during the refugee crisis in 2015, there was a high increase in asylum seekers, but later this has decreased. During the 2010s, net immigration has been between 12,000 and 18,000 people a year. In the long term, Finland's population amount is projected to stagnate. The challenge for housing emerges from unbalanced regional development: some areas are growing, some stay stagnant and some are losing jobs and population. Particularly Helsinki Metropolitan Region is growing strongly. Only half a dozen cities with universities are growing. At the same time, many towns and rural areas are losing population and jobs, while property prices are falling. This leads to a negative spiral for local development and infrastructure, when possibilities to move are limited due to low property prices in the place of origin and high housing prices and rents in growth areas. The age structure of Finnish population is challenging, as the population is ageing fast**.** At the same time, families with children tend to decline. By comparison, the average age is much lower and share of working population higher in cities than in rural areas. These features have diverging impacts on future housing markets in cities and rural

areas. A key challenge for housing has been the availability and terms of housing finance, but the situation has changed dramatically. Until financial liberalization in the late 1980s, there was also a relatively high barrier to financing owner-occupied housing, as in many cases 40% equity was required by banks and repayment of the other 60% within 8-9 years. Accession to the EU in 1995 and later membership in EMU brought gradually decreasing interest rates and long-term loans, which improved availability and burden of private financing, and ended public financing of owner-occupied housing. However, publicly subsidized rental housing has continued. The problem of housing finance thus changed into a problem of housing supply, which is particularly noticeable in growing cities. Currently, key issues in Finnish housing policy are therefore the functioning of land markets, zoning, urban planning and competition in construction and other housing-related sectors. Supply-side pressures and easy access to finance and growing demand have led to high property prices and rents in growing urban areas, resulting in an increasing financial burden to households, especially to first-time buyers of dwellings. Under these circumstances, the HITAS system of Helsinki, owner-occupied apartments in housing companies on municipal land with subsidized land rents and regulated hand-over prices, has offered a popular alternative, but access is based on winning in lottery among applicants. Helsinki has decided in 2020 to end or renew the current HITAS system by 2023. Rent regulation concerning private rental housing ended in the early 1990s. In the case of publicly financed housing, rents are regulated (cost based) and access is decided on the basis housing need and means testing. The tenancy law generally remains in place until one wishes to move, even if the criteria have changed. Right-of-occupancy dwellings accounts for only a small proportion of the total housing stock and is usually only available in the largest municipalities. Access is regulated by a queue system, which approves applications on the basis of certain access conditions (e.g. age limits). For some groups, such as students, disabled or homeless people, there are also specialized organizations that offer rental housing, often financially supported by the state. In sparsely populated areas and in small towns, most people live in owner-occupied homes and there is only a limited rental market. The affordability problems of condominiums and houses therefore mainly affect young people and families who live in growing cities and have a rather low to middle income. To buy their own home**,** they must either take out a larger loan, reduce dwelling size and/or quality or move to the outskirts of cities, where prices are usually lower. Rental housing is mainly available in cities, where shortages on the supply side cause high rents. Most affected are movers and first-time entrants, and in general young people, singles, students, or people on low incomes who do not own their own home. Affordability can be improved by housing allowances. Low income and high housing costs can also be counteracted by income support, which is intended to guarantee a basic income level. Although it was originally intended to serve only persons in times of trouble, it has become a permanent support for many of them. About 36% of households renting live in publicly financed rented housing. These are more affordable and, if they are located on municipal land, they can also be subsidized through low land rents. Right-of-occupancy dwellings have advantages in the beginning, but the long-term living conditions are not necessarily advantageous. In general, demand for publicly subsidized and regulated dwellings is high. Private rental supply has increased more strongly during the last two decades due to investments by households and institutional investors. Nevertheless, there is a strong demand for smaller dwellings in urban areas, which is reflected in their high price and rent levels. Medium-sized and larger dwellings, on the other hand, are less affected. With ageing population, the demand for accessible housing by older persons with various housing needs is increasing.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

Global challenges related to climate change, environmental issues and energy affect future housing and housing policies in many ways. Also social and economic developments and innovations have impacts on housing. Here, we acknowledge these challenges, also recognized in PM Marin's government program, and concentrate on housing policies and instruments in a narrower sense. We survey policy instruments affecting the supply of housing and demand for housing. These instruments affect rents and housing prices (and user costs of owner-occupied housing), and households' housing expenditure in various segments of

the housing markets. Together with household incomes, they affect the affordability, spaciousness and quality of housing.

3.2 Housing policy instruments

Finnish housing policy focuses on the supply side, and especially on state subsidised and regulated rental housing, and to some degree on right-of-occupancy, part-ownership housing, and housing for special groups as described in the earlier table on tenure forms. The state sets quantitative production targets for these tenure forms and offers finance with interest subsidies and grants to accepted projects. In state subsidized housing rents are cost based and they offer safe long term housing for applicants who must queue and pass means and needs testing. As a result of urbanization, the regional focus of supply side policies has moved to cities. To solve urban problems, the national government and large cities have made so-called MAL agreements, which include objectives and financing arrangements for land use, state subsidized housing and transportation investments in the urban areas. At regional and municipal level, land use policy (zoning) has changed towards compact urban structures by directing growth to main and sub centres of urban areas to avoid excessive sprawl. In addition to supply side instruments, there are housing policy instruments, which are various forms of transfers and tax subsidies (see table below). Housing allowances are available for lower income renters, both in private and public supply supported rental dwellings, and lowest income households can in addition get income support to cover housing costs. Low-income pensioners can get both forms of support in rental and owner-occupied dwellings. ASP is an interest subsidy programme for participants aged 15 to 39, who aim to save first, get ASP loan and buy their first condominium (or house). In general, owner-occupants do not get direct transfers, but they gain from tax subsidies and exempted taxes, which affect the cost (so called user cost) of owning. Imputed income from housing equity is tax exempt, but interest expenses of housing loans are still partly deductible. Capital gains are tax exempted for owners after two years owning and living in the dwelling. On the other hand, there is a local three-part property tax, which taxes land and buildings, and unbuilt urban plots of land in order to encourage building. All tax rates and assessed values are still rather low.

Name	State supply support for housing
Instrument type	State loans, interest subsidies, grants, guarantees and regulated rents
Tenures	Rental, right-of occupancy, partly owned housing, and housing for homeless and other special groups.
Description	A detailed description of these tenure forms and related instruments is in the table “Tenure forms”. These dwellings are safe and provide long-term housing. They are subject to certain rules and regulations, which are monitored by Housing Finance and Development Centre (ARA). Rents are determined by cost-based principle.
Target groups	Low- and medium income people/families, and members of special groups. Subsidised rental dwellings are delivered by municipal housing offices on the base of applications, means testing and housing needs which are evaluated at the time of applying.
Policy Formulation	National level
Funding	National level
Implementation	Housing Finance and Development Centre (ARA) and municipalities. The owners of state subsidised housing companies are municipalities, other public sector entities or non-profit organizations.
Importance	There are approximately 800,000 rental homes in Finland, of which slightly more than half have been produced with State subsidies. In 2017, in all 10,128 new dwellings were financed with state interest subsidy loans, which amounted to € 1,138 million
Instrument development	Minor changes, including an additional programme with shorter rent regulation (10 instead of 40 years)
~~Name~~	Land use, housing and transportation (MAL) agreements
Instrument type	Partnership and agreement between the state and biggest cities
Tenures	Concerns all tenures indirectly, but especially state subsidized housing
Description	The agreements include the objectives for land use development, housing production and key development projects concerning the transport network. The agreements include promise of state financing for selected projects.
Target groups	Land use, housing and transportation planners
Policy Formulation	State level together with municipalities of participating urban areas (Helsinki, Tampere, Turku and Oulu areas)
Funding	State and municipalities involved
Implementation	State/several ministries/agencies/ARA, regional councils and municipalities involved
Importance	In MAL agreements, the state promises to co-finance local/regional transportation projects (rail, subway etc.) and the municipalities approve production targets for the supply of state subsidized housing in their area. In 2020, a new MAL agreement was approved for the years 2020-2031.
Instrument development	The first MAL agreement was made in 2011 for the years 2012-2015. The aim is to expand the MAL agreement procedure to new urban areas (Jyväskylä, Kuopio and Lahti their surroundings).

Name	Urban land use policies
Instrument type	Urban land use planning and zoning
Tenures	All forms of housing and related land use
Description	Land use policies affect housing supply and shape urban land use patterns. In growing urban areas, small or large by population, zoning has enhanced sprawl. Land for housing has been reserved (zoned) primarily at outskirts of cities and towns. Small supply at accessible locations with good services has driven housing prices and rents up in the main centre and sub-centre areas. During this millennium, many cities, including Helsinki, have adopted a new strategy and increased their centrally located housing stock by utilizing undeveloped and loosely built areas, and previous port areas and old industrial areas for housing.
Target groups	All types of households
Policy Formulation	Regional councils and municipalities
Funding	Municipalities
Implementation	Regional councils and municipalities (zoning)
Importance	Land use policies influence urban patterns and spatial availability of housing.
Instrument development	From extensive (sprawling) to more intensive land use planning in urban areas.
Name	Housing allowances
Instrument type	Housing allowances
Tenures	Rental housing and also part of owner-occupied housing
Description	Housing allowances are dependent on household income and may increase in the case of unemployment. In general, it can cover 80% of acceptable housing costs. The level of acceptable housing costs depends on the location and type of housing. There are two forms of housing allowance, a general one and one for pensioners. The amount of allowance is determined by gross income and the number of household members. Since 2017, students were included in the general housing allowance system.
Target groups	The main group is low-income renters (of various type), but also occupants of right-of-occupancy dwellings and some owner-occupiers (like pensioners) can get housing allowance.
Policy Formulation	National level
Funding	National level
Implementation	KELA (The Social Insurance Institution of Finland)
Importance	In 2018, 376,529 households received general housing allowance and 209,617 households received pensioners housing allowance. In 2018, total expenditure on housing allowances was € 2.112 billion. General allowance expenditure was € 1.489 billion and pensioners allowance expenditure € 600 million.
Instrument development	Students were moved from special system to general housing allowance system in 2017.
Name	ASP system of saving and obtaining housing loans to acquire owner-occupied housing
Instrument type	Interest subsidies for participants in ASP saving and housing loan programme for first time home or apartment buyers.
Tenures	Owner-occupied housing
Description	ASP is a system based on the Act on Bonus for Home Savers, which offers state support to young people in purchasing their first owner-occupied apartment. When at least 10% of the purchase price of the chosen dwelling is saved according to ASP rules, the bank grants an ASP loan with Sate interest subsidy and guarantee. In addition to 1% interest for savings, depending on bank involved, an additional 2-4% interest is paid to ASP participants. Interest income is tax free in ASP system. The maximum ASP loan amount allowed depends on the location of dwelling bought. ASP loan's repayment period depends on the bank, but it cannot exceed 25 years.
Target groups	ASP programme participants aged 15 to 39, who are (or aim to be) first-time home (or condominium) buyers.
Policy Formulation	National level
Funding	State for interest subsidies and banks for loans
Implementation	Banks with regulated ASP accounts and related special conditions for housing loans
Importance	In 2019 there were over 150,000 ASP accounts in banks. ASP accounts have become more popular as they offer higher interest for savings than other accounts and state guarantee for ASP loan.
Instrument development	Min and max age limits have changed increasing coverage.
Name	Partial deduction of interest charges on housing loans in taxation
Instrument type	Tax subsidies for homeowners with housing loans.
Tenures	Owner-occupied housing
Description	Part of interest expenses of housing loans are deductible in taxation. In 2021, 10% of interest charges were deductible from taxable income. If there is no capital income, a deduction from earned income tax can be made amounting to 30% of 10% IC. This deduction will be ended fully after 2022.
Target groups	Owner-occupier households with housing loans
Policy Formulation	National
Funding	n. a.
Implementation	National tax administration
Importance	Has gradually declined due to recalibration towards more limited deductibility and low interest rates.
Instrument development	A degressive form of tax subsidy for owner-occupiers with housing loans.
Name	Exemption from capital gains taxation (with qualifications)
Instrument type	Tax subsidy for home and condominium owners
Tenures	Owner-occupied housing
Description	When an owner of residential property sells it after two years of owning and living there, capital gains are exempt from capital income taxation. Capital losses are not deductible either. In other cases, any profit made by sale is taxable capital income. Respectively, a loss is deductible primarily from the capital income of the tax year in

	question.
Target groups	Owners of real estate and shares in housing companies, who sell their property. They are most often movers and members of estates, who have lived in the property for two years or more.
Policy Formulation	National
Funding	n. a.
Implementation	National tax administration
Importance	Enhances mobility and accumulation of housing wealth.
Instrument development	No major changes over time
Name	Municipal property taxation
Instrument type	Three-rate property tax system with different tax rates on land before development, land after development and buildings. Owners of real estate pay the taxes based on assessed values and tax rates for all items involved.
Tenures	Owners of land and single-family houses, as well as housing companies (their shareholders) pay the property taxes. The municipal council may impose a separate real estate tax rate (often zero) applicable to a building owned by a certified non-profit organization and its land.
Description	The municipal property tax adopted in 1993 was a two-rate system, which taxed land and building(s) with different rates. The government decides bands for both rates and municipalities decide actual rates within these limits. Since 2001, municipalities can choose and some (biggest cities) must levy an extra property tax on undeveloped land zoned for housing. The aim of the extended (3-part) property tax is to enhance faster and denser development. Partial property tax reform is under preparation in Ministry of the Finance. It will come to in force in 2023 and would change values on various type properties.
Target groups	Owner-occupiers and owners of other forms of housing, owners of undeveloped land zoned for housing.
Policy Formulation	National bands for tax rates for different types of real estate. Municipalities decide the rates within bands.
Funding	n. a.
Implementation	National tax administration
Importance	The tax rates have been rather low and the assessed values markedly below market values, especially in central city areas of Helsinki and other biggest cities. Nationally in 2019, the share of property tax in total tax revenue of municipalities was only 8 per cent, whereas the share of local income tax was 84 per cent. The remaining 8% came from a share of national corporate tax revenues allocated to municipalities.
Instrument development	Property taxation began in 1993 and replaced street charges and other fees, and also the taxation of imputed income from owner-occupiers' housing equity in income taxation ended. Taxation of wealth ended already in 2005.
Name	Transfer tax in case of housing
Instrument type	Taxation of transfers in the housing market
Tenures	Real estate and condominium (housing company share) transfers
Description	Typically, buyer pays
Target groups	The transfer tax is 4% on the real estate transferred in the asset deal. It is 2% on transfers of shares in real estate companies or housing companies. First-time buyers are exempt from paying transfer tax. Purchasers of dwellings under the right-of-occupancy scheme are exempt from paying transfer tax, too.
Policy Formulation	National level
Funding	n. a.
Implementation	National tax administration
Importance	This tax increases the costs of moving
Instrument development	Increased for condominiums from 1.2% to 2% in 2013.

The analysis of instruments suggests that at least longer-term owner-occupied housing has been and still is more affordable than private rental dwellings without housing allowance. On the other hand, in similar locations, the rents of state subsidized rental dwellings are not much cheaper than private ones, and they are not available for all. All segments have been experiencing changes during the last decade. Due to the tax treatment of housing and decreasing interest rates and banks' margins since 2010, the user cost of owner-occupied housing (comparable to rent) has decreased to a very low level. In addition, the maturity of new housing loans has increased (currently about 21 years). Thus, the annual burden of servicing housing loans has decreased, resulting in growing demand for houses and condominiums, and bigger loans. Private and institutional investors in rental housing do not get the tax advantages that owners get, but investors in apartments (shares) in housing companies can also deduct the repayment of housing company loans in capital income taxation. In general, investments in rental housing have become increasingly attractive as rents relative to maintenance costs have kept them profitable in growing urban areas. For investors, gradually decreasing interest rates means that the required rate of return gets lower, and they can pay more when buying dwellings for renting. The increasing demand for housing by both groups and sluggish supply have led to high prices of land and dwellings in Helsinki and some other cities during the last decade, despite the fact that economic growth has been very sluggish. Prices of land, houses and condominiums have continued to rise in biggest cities even after the corona crisis started.

High rents and house prices hurt movers, first-time buyers, and renters most. Housing allowances help low-income families but not all. State subsidized rental housing (and other tenures) is somewhat cheaper than private rental dwellings, but not available for all. For growing cities, all measures that increase housing supply to match demand can stop price and rent increases or limit them. However, such changes may not happen or they are insufficient, especially if loose monetary policy with exceptionally low interest rates continues for long time. In the latter case, housing demand can be limited or decreased by reducing the tax advantages of old and prospective owner-occupiers and investors. Furthermore, property taxes and impact fees can be increased to press housing and land prices down or limit their increase. Limitations of indebtedness and measures that increase the cost of finance are also possible if price effects are a priority. These changes can be phased over time, and similar changes can be done to housing allowances. The increased tax revenues can be directed to lower earned income taxes, increase infrastructure investments and some transfers or to help areas, which suffer from losses of population and jobs. In addition to these policies, return to regulation of rents and housing prices is possible in various forms, but the long run consequences will still depend on how housing supply develops. These policy options are not neutral, there are winners and losers, and all attempts to reduce old advantages of big groups like homeowners can fail if they are not well motivated. Still, they are far easier than policies needed to deal with climate change, environmental problems and global pandemics.

3.3 Reform trends

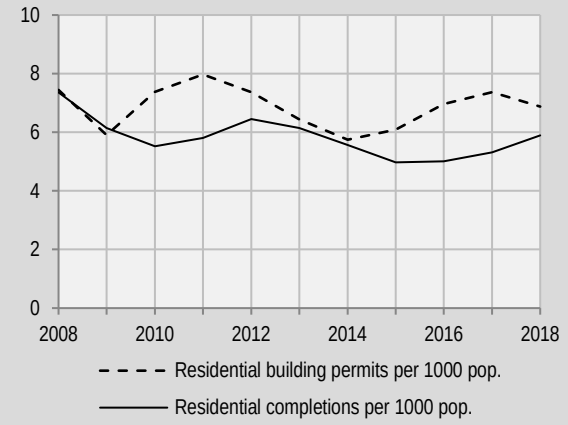
PM Sanna Marin's government program deals with housing policies, outlines problems and offers directions for solving them, but it is rather general by nature. Currently (December 2020) the State housing policy development program is being prepared for years 2021-2028. The goal is a comprehensive and goal-oriented housing policy program that outlines longer-term goals and measures. The program identifies key housing problems and areas for development. It describes the situation in the Finnish housing market, sets housing policy goals and the principles guiding housing policy decision-making in the future. The Government is sending the programme proposal for the Parliament's hearing. After the approval by the Parliament, the development program and its measures are implemented, for example, through legislative projects with their financial arrangements.

France

Population (million, including overseas territories, 2018)	66.99	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	19.7	EUROSTAT, series demo_pjan
2050 population forecast* (central)	74.00	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	23.7	EUROSTAT, series yth_demo_030
Total area (mainland France)	543,965	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	12.2	EUROSTAT, series migr_pop3ctb, own calc.
Population density (people per sq. km, 2018)	105.6	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	32,860	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	66.9	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	25,526	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	41.6	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	14.5	INSEE 2020

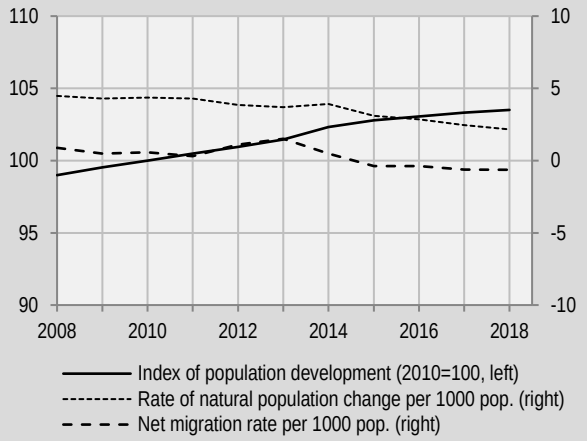
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



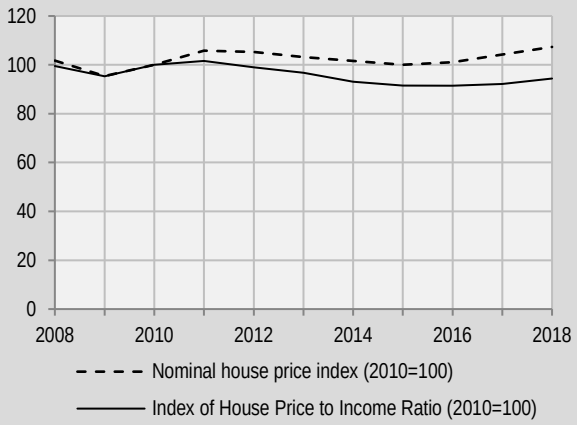
Source: SDES SIT@DEL, own calculations by J-P Schaefer

Population Development



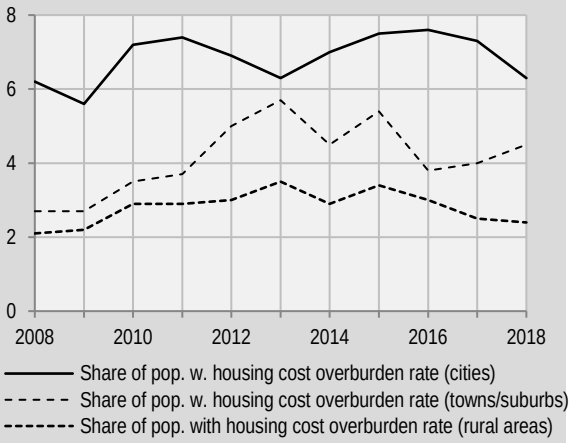
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Jean-Pierre Schaefer has been involved as national expert.

1 Governance structure

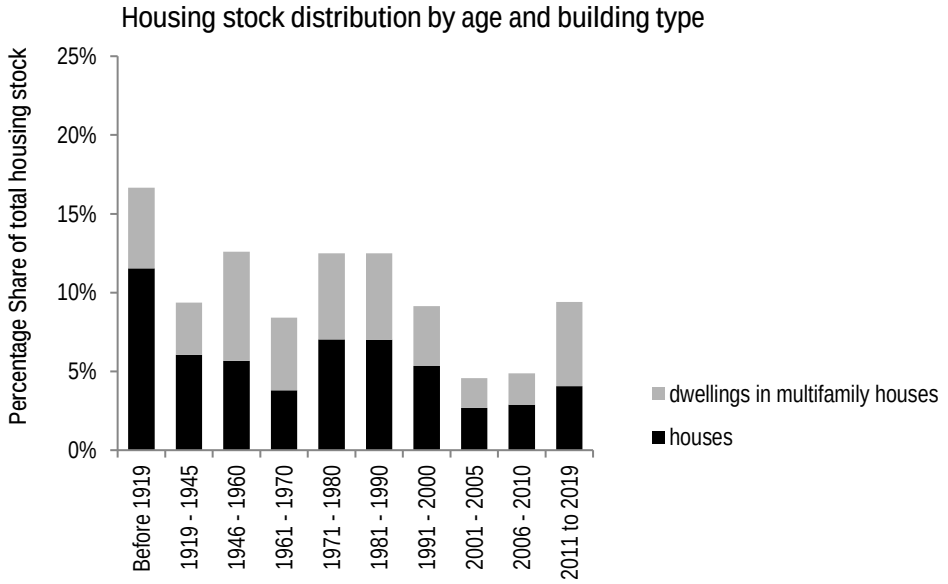
In France, the minister in charge of housing is under the aegis of the Ministry of ecological transition (MTE). The executive branch of the Ministry for housing is the Direction de l'habitat de l'urbanisme et des paysages (DHUP). Under the command of the Ministry, the delegate for housing can be found the National agency for housing (ANAH) and various other bodies in charge of the control and organization of the housing policies (ANCOLS control agency for housing organizations etc.). The Ministry of territorial cohesion (MCT) is dealing with the development of territories with the National agency for territorial cohesion (ANCT) and urban policies especially for priority neighbourhoods with a minister delegated to urban policies with command of the National agency for urban renewal (ANRU). The Ministry of finance (MINEFI) is regulating the taxation in housing policy and the large budget of housing allowances in coordination with the Ministry in charge of housing. The Ministry of overseas territories is responsible for the implementation of housing policy in overseas territories and its suitability. The policy enacted at the central level is locally implemented through regional (DREAL) and départemental (DDT) offices. The thirteen regions and overseas territories (NUTS1) are not responsible for housing policy, but they are involved through their respective regional agency on environmental policies which are connected with urban and housing policies. On a lower level, the *départements* (NUTS3) are the authorities responsible for social policies which includes some aspect of housing policies. They establish plans for the homeless and people in need (PDALPD), travelers (SDAGV) or plans for handicapped people etc. The social fund for housing (FSL) is the financial tool of the *départements* to support people in need with paying guarantees, debt settlement to prevent eviction of tenants and paying some part of the housing charges (water, energy). Under control of the *départements* or the local authorities are the *Offices public de l'habitat*, which own and manage half of the social rental dwellings. The other half of social housing stock is owned and managed through private non-profit organizations (Entreprises socales pour l'habitat). French municipalities, now brought together in 1,254 „public bodies for cooperation" (EPCI) are in charge of settling the land-use plans and give construction permits. They participate to the allocation of social housing, provide guarantee for loans to social housing sector and, on a small scale, provide subsidies for social rental housing or first-time buyers. They establish the *Programme local de l'habitat*, a 5-year comprehensive plan analysing the local balance between supply and demand of housing, both with social and private housing partners. Looking at vertical responsibility shifts, a continuous trend for decentralization of power is implemented in France since the 1980s. A main change has been the definition of local housing policy by the municipalities and now their groupings (EPCI).In many fields they take over the housing policy implementation in connection with the local representative of the ministry of housing.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The age distribution of the French housing stock shows a relatively large share of pre-1918 dwellings, a relatively lower proportion of dwellings from the interwar period. The largest share of dwellings stems from the post-war period and later periods with strong construction activity in the 1970s and 1980s. Most recently, higher levels of new residential construction in the years after 2010 can be also observed. New construction after 1990 represents about 26% of the total stock, which assigns France to the group of member states with elevated building rates in Europe. Altogether 56% of the dwellings are in single family houses. Houses represent 94% of the dwellings in rural areas, 67% in small and medium cities, 34% in large cities and only 20% in the Paris metropolitan area. The quality of buildings depends mainly on the level of

refurbishment and maintenance and cannot be directly linked to the age of the building, but except for energy efficiency, which is very low (E, F, G) for buildings build before 1948, and poor (D, E, F, G) for buildings built before 1989. Major deficiencies in energy efficiency (classes F, G) concern 17% of the housing stock, only 6% of the housing stock belong to the categories A and B.



Source: EUROSTAT Zensus Hub (to 2011); 2012 and later: national statistics

2.2 Housing tenures

The housing system in France can be described as a diversified system where about 58% of the households (62% of the population) are owner-occupiers. The rental tenure consists partly of market-rate, predominantly private rental, and social rental housing. Overall, rental tenures address rather different target groups. In addition, various tax-related instruments for achieving affordable rents in private and social rent levels exist.

Typical characteristics of tenures in France		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Ownership rights refers to individual houses and to flats in building equally. Also, in statistics, no differences between real property and „shared ownership" exist.	very large share (ca. 58% of households, 77% of which as house owner-occupation, 23% as flat owner-occupation)
Flat ownership/condominium	The law on condominium (1965) emphasized this dual principle of personal property of the home and shared property of common places. The owners are liable to common charges and duties. A national registry of condominiums (8 million dwellings) is available	
Cooperative owner-occupation	A small branch of the social housing organizations is the „Fédération des coopératives". The households, either owner or tenants, are associated to the management of the cooperatives.	174 „cooperatives" HLM „ deal mainly with social individual homeownership. Real „cooperative" models represent a very marginal share

Other	Occupation rights: usufruct is the right of using the home for the spouse of a dead owner, while the „nue propriété" belongs to the heir. A rather rare case is the „usufruit locatif social" (ULS), which a social housing organization buy the usufruct rights for 15 years. The dwelling is rented as social flat. The house owner, deduct the dwelling from his asset for 15 years and after this delay turns it back into rental property at market price. Emphyteusis lease: allows to build on land owned by a third party for the duration of the lease, from 18 to 99 years. The rent is fixed and independent from the market value of the land. The mechanism could be used by local authorities for social housing organizations, to save land acquisition costs. No assessment yet of this method for „neutralizing" the cost of the land in some urban areas. A rehabilitation lease (Bail à rehabilitation), enables a lessee (non-profit organisations) to improves a residential building and let for at least 12 years. During the lease all cost (including taxes) are paid by the lessee. The owner of the building might be public (local authorities) or private. This mechanism is aimed to improve existing buildings in central areas. No comprehensive assessment of this instrument is yet available	less than 10,000 „social" dwellings produced in high priced markets; all other forms represent niche tenures
Rental tenures		
Market rate private/commercial rental tenures	Private rental: Initial rent setting is subject to free negotiation since 1948. Duration of contracts is 3 years (law of July 6th 1989), if the landlord is an individual person, 6 years if it is an institutional body. It is automatically renewed upon agreement. Rent increases are indexed according to the „indice représentatif des loyers IRL" rental index published by the national institute of statistique (INSEE), similar to the CPI. In some tense markets with affordability problems (currently 28 large urban areas and 1149 municipalities) the landlord is not authorized to increase the rent for a new tenant. Since 2014 a special tax might be levied on rent asked for very small units (below 14m²).	medium share (ca. 7.2 mill. dwellings or 20% of the total stock)
Special regulation regimes	Social rent level regulations in the private rental sector may be agreed on in case of public subsidies by the national agency for housing (ANAH) for the refurbishment of the home, with a legal 9 years agreement for renting at social rents.	Niche (est. 8000-9000 dwellings/ year), total stock <100,000 dwellings
Public rental tenures		
Subsidized below market and/or privileged access rental tenures	Social rental housing is provided by social housing organizations (public Offices de l'habitat, or non-profit private SA HLM), semi-public companies, non-profit associations and some dwellings belonging to local authorities Eligibility is based on income ceilings, size of the household and their category. Various categories get priority for housing allocation. Allocation is done by local authorities, prefects and employees fund (Action logement) and organised by a commission established by each social housing organization. Duration of contract is undetermined. Rents in social housing are cost-based and vary according to four different price zones. The rents in the social housing sector may vary each year, like in the private sector, according to IRL. Compelled rent freezing or reductions has been widely used, e.g. in 2018. Tenants above the upper level of income may pay a supplementary rent (supplement de loyer de solidarité). Exemptions for senior sitting tenants or in urban renewal areas may apply. In case of improvements of housing, rent might be increases after negotiation with Tenants' Unions and the Government authorities. In case of improvement of thermal insulation and heating efficiency, a special duty may be levied limited to the savings in energy costs. Production of social rental housing increased from ca. 40,000 units per year in the 2000s up to 100,000 per year since 2010, predominantly financed by off market loans provided by private savings, up to € 12 billion per year. The importance of housing allowances paid to tenants both in the social and the private rental sector is close from € 18 billion it explains partly the low rate of overburdened households, compared with other countries.	Medium share (5.2 mil. dwellings, representing ca. 17% of the total housing stock.
Cooperative rental or similar national specific tenures		
Other	Build to rent schemes: affordable rental housing, at prices between	Started 30 years

	social rent and market rent is provided through a fiscal scheme for investment in new dwellings. Private investors receive a 18% tax deduction (close to the 20% VAT rate) with an agreement for renting 9 years to low- and middle-income tenants at affordable rents. The scheme exists under various names (Pinel etc) according to the length of the agreement and the importance of tax incentives. Apart from the tax incentives it doesn't include any cash subsidy from public authorities. It is not successful in very tense market where the gap between affordable rent and market rent is too wide. It increased the competition between old and new private rental products in large and medium size towns.	ago this scheme enabled a production of more than 1.3 million new private rental units.
Hybrid forms, e.g. rent-to-buy schemes	Prêt social Location accession PSLA. Built by social housing organization or private partners, this loan enables to build a home which will be rented then bought by a household.	6,000 to 10,000 dwellings a year
Homelessness, temporary and informal housing		
Homelessness	Homelessness is surveyed both by the ministry in charge of housing and by private welfare associations. Population in precarious housing conditions: 75,500 people live in indecent housing, 2.1 million people in housing with major defaults, 0.9 million people in overcrowded housing, 4 million people with heavy financial burden and 1.4 million people with debt and rent arrears.	A 2012 survey (INSEE) among people using social services for homeless and / or free meals services found 8,700 roofless (rough sleepers), 10,300 housed in night shelter (no place to stay during the day), 33,000 in (communal) shelter and hostels (right to stay during the day), 22,000 in hotel and 37,500 housed in home with help from a social care organization.
Asylum accommodation	Hostels and emergency accommodation are provided by local authorities through „Centre d'hébergement de réinsertion social (CHRS)" Community home for social insertion. Home for refugee and migrants are „Centre d'accueil des demandeurs d'asile (CADA)" (centre for welcoming refugees).	CHRS: 39,300 places. CADA: 21,600. Other emergency accommodation: 26,300 places.
Informal housing	Informal settlements are included in the category of indecent housing above.	see above

Source for relevance: national statistics, various sources for Homelessness and asylum accommodation

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

In urban areas, home-owners are on average of higher age and higher income than the general population. In rural areas, more low-income households are owner-occupiers. The 2008 economic crisis led to a decrease in individual house construction. Since 2000, the house prices increased strongly compared with disposable income of the households, especially newcomers on the market. A long-term mechanism for addressing access restrictions to owner occupation is the zero-interest loan, which covers up to 40% of the price of a home in tense market areas.

Rental tenures

The private and social rental stock differs in size and spatial distribution. Two thirds of the social rental stock consist of flats of three or four rooms. Private rentals have a large share of one or two room flats. More young households especially single-person, live in private rental. Families are more common in the social rental housing. The income of social tenants has been decreasing over the past years, with a median income level of 25% below the national average. Social housing construction has increased since 2005 reaching now production close from 100,000 units per year.

Homelessness, informal and temporary housing

The proportion of men is 90% for rough sleepers and people in night shelter, two third in permanent shelter and half for hotels or homes paid by association. This means that homelessness concerns as well families with children. Most of them are found in hotels, in rooms booked by government and local authorities for providing at short notice assistance for families in need. A significant share of the homeless is also workers in part time or with short-term contracts. The problem of homelessness is stronger in the regions Paris and South East of France, rather marginal in small and medium sized cities.

Providers of Housing Services

94% of the stock of private rented dwellings is owned by private individuals, as institutional investors are focused their investment on non-residential premises (offices, shopping centres). In the social rental sector, 46% of the stock is managed by *offices publics*, 45% through non-profit private enterprises and 8% by semi-public companies.

2.4 Housing Issues

General challenges

12% of households living in France are foreign. Households from Africa (North and sub-Saharan) are generally overrepresented in the French social rental sector and underrepresented in the owner occupier sector. The relevant task today is the integration of the new generation into the French society, one the task undertaken by the minister of social cohesion and the minister in charge of urban policies with the help of the national agency for territorial cohesion (ANCT) and a large urban renewal programme monitored by the national agency for urban renewal (ANRU). Regional disparities in France are linked with internal migration and unbalanced natural growth. The Paris Region and a large crescent from the Rhone valley, south and Atlantic shores (up to Britany) have seen strong population increases, while regions in the centre and the North East have witnessed shrinking populations. Regional disparities can be seen in buoyant housing markets contrasting with sluggish markets. Overall, the French population is growing with an even more increasing number of households (especially one person households). Available data (with no update since 2012) indicates that there is a need for 300,000 to 400,000 new dwellings a year in France. For the last ten years, the construction rate has been about 380,000 units per year, but the distribution between areas has been unequal as the Paris Region used to have a low rate of construction (half of the Lyon region). For the last three years, numbers have been improving with more than 75,000 dwellings built per year in Ile de France. The expression „housing crisis" is mainly used for areas like the Paris region and other tense markets. Other metropolitan areas like Rennes or Lyon have a rather balanced housing supply. A main challenge will be to improve the overall environmental qualities of the housing stock. For the construction a new standards Réglemenation Environnementale RE2020 should reinforce the technical rules from the previous RT2012. For the existing stock, a new financial scheme will provide grants for energy improvement works

Accessibility, affordability and availability problems

The main difficulties concerning **affordability** are financial burdens. Strong price increases are a major hurdle mainly for first-time buyers. The loan repayment to income ratio was relatively high, up to the ceiling of 25% of the income (2013). A major difficulty for first-time buyers is a lack of equities. High prices in the Paris Region and some other large metropolitan areas widen the gap between homeowners and non-owners. For tenants in the lower income quartile, the rent to income ratio is estimated at 40% in the private and 27% in the social housing sector. Private rents in France are on average € 10.25 per m² in the private market and € 7/m² in social housing. Depending on the region, the average prices differ: € 7.60 in a medium-sized town, € 10.40/m² in large cities and more than € 15/ m² in the Paris urban area. As already mentioned, **affordability** is a major problem especially for low-income households. The need for affordable housing is on the political agenda, but authorities face difficulties covering all the different needs. Concerning **availability**, France sees growing vacancies in the last years in various territories, especially with a slack economic development both in rural areas and large towns. The vacant units are usually out of the market, with low technical quality. The smaller the unit, the higher is usually the rate of vacancy. On short term, building new houses seems less costly than refurbishing existing ones, even though urban sprawl has some invisible cost. The challenges ahead at the national level will be to improve

the financial tools dedicated to improve existing dwellings and, at local level, to define as part of the local housing policies the share between new developments and old buildings within in the urban fabric. The high demand for space by households will require new strategies for increasing the supply of larger homes in flat or in high density house development.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

Current French Law defines housing as a fundamental right to be guaranteed by central government, which effectively mandates to the government to organize housing for those who cannot find housing on the market. In 2007, the obligation for the government to act was defined by a new law, which listed groups of people who could sue local government in case of lack of housing supply suited to their need (Droit au logement opposable DAL). Present housing policy in France, started after World War II, is based on four pillars: 1) Subsidies for buying houses directed to low income households and/or first-time buyers. Over time, the form of subsidies changed (grants, payment of the loan interest, state guarantees for loans), but the goal is always to increase the share of owner-occupied housing. 2) Enhancement of the rental housing supply by supporting social housing organizations both public and private. The financial support includes budgetary aids with subsidies, and non-budgetary aid like tax rebates, e.g. a lower VAT rate. The main support is a financing system based on private savings, which doesn't use public funds and to reach a flow of long term loans (€ 12 billion/year) at off-market rate – this rate is not subsidized by public funds as it is private savings). The aim is to create a supply of social dwellings rent at cost rent. 3) The third pillar is a high level of housing allowances (€ 18 billion) paid to tenants both in the social and in the private rental sector. 4) Since the 1980s, the private rental sector was enhanced through tax rebates (close from the VAT rate) for private investors for newly-built dwellings. The rent is kept at an affordable level (slightly higher than social rent) for a period of 6-12 years after construction. There are some other incentives, the main being a 10% VAT on modernization works for all existing buildings and various fiscal niches (for overseas investment, for energy saving investments etc.). The French system is characterized by a strong market for those who can afford to participate and a strong involvement of public and private developers in supporting households who cannot afford to buy or to rent at market prices. Irrespective of the ideology of the ruling parties, housing policy has usually followed the four-pillar strategy. There is by and large a strong political consensus on the urging need of a housing policy, beyond the continuous process of negotiation between the Ministry of housing and the Ministry of finance.

3.2 Housing Policy Instruments

Name	Personalised housing subsidy (*Aide Personnelle au Logement, APL*) Family/Social housing subsidy (*Allocation de Logement Familiale /social, ALF /ALS*)
Instrument type	Housing allowance
Tenures	Owner-occupied housing, Rental housing
Description	Eligibility includes the size of the households, income and the area it is located. Three zones are differentiated: Paris, Paris Region, and the rest of France.
Target groups	Low income tenants including elderly, students etc.
Policy formulation	National level
Funding	National level via Caisses d'allocations familiales (CAF)
Implementation	National level via Caisses d'allocations familiales (CAF)
Importance	447,000 owner occupier households; 2,500,000 households in social rental sector, 2,843,000 households in private rental sector 689,000 people in home for elderly or handicap (2016). € 17 billion for ALF, ALS, APL.
Instrument development	In order to reduce the budgetary cost of this instrument, social organisations have be requested in 2018 to lower their rents for some low-income households.

Name	Interest-free Loan (Prêt à taux zéro)
Instrument type	Instrument for homeowner and homebuyers
Tenures	Owner-occupied housing
Description	The instrument consists of a public loan with no interest which is guaranteed to households, covering 20-40% of the cost of the housing unit. An additional loan from a bank at market prices is needed. The bank will administrate the PTZ as well as its own loan. The PTZ includes an insurance in order to step in if the receiver of the loan has outstanding payments. The amount of the loan is based on the income of the receiver and not on the value of the unit.
Target groups	First-time buyers, including low-income tenants who want to buy their dwelling. There is a maximum income for eligibility, according to the size of the household and the geographical area („market zones") where the dwelling should be bought or built.
Policy formulation	National level
Funding	National level. Local authorities might provide extra subsidies for low-income households.
Implementation	Local branches of the Ministry in charge of housing and the guarantee fund for social ownership (FGAS)
Importance	2019: 70,000 households for new dwellings, 20,000 households for existing dwellings
Instrument development	Following various schemes developed for helping social ownership, the current zero-interest loan was introduced in 1995.
Name	Social Homeownership Loan (*Prêt d'accession sociale PAS; Prêts conventionnés PC*)
Instrument type	Instrument for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	Loan at controlled market rate, associated with guarantee and insurance scheme with lower taxes and charges (notay fees, lower mortage taxes etc)
Target groups	Low and middle income buyers
Policy formulation	National level
Funding	National level
Implementation	Private sector (in 2019 maximum fixed rate 2.9% variable rate 2.45%)
Importance	2018: 9,300 PC total loans with an amount of € 10 billion. 2019: 82,899 PC loans with an amount of € 8.8 billion.
Instrument development	
Name	Social rental sector („*HLM*")
Instrument type	Subsidised housing
Tenures	Rental housing
Description	The instrument aims at providing rental housing for low and middle income households at € 6/m². It entails public subsidies by long term loans (40/50 years), lower VAT (10%) and land tax rebate for 25 years. To move into a subsidized dwelling the household income has under a legal ceiling. The ceilings depend from the geographical area, the size of the home and the household's size. Recipients cannot be owner occupier (in his/her working area) and must hold a residence permit in France. The allocation process will be monitored by each social housing organization through its own allocation committee (*Commission d'attribution des logements, CAL*). This special internal committee includes the social housing organization, representatives from the local authorities, a Government representative (local branch of the ministry in charge of housing), associations in charge of social care and representatives of the tenant's Union.
Target groups	Low and middle income households, mobile workers
Policy formulation	National level
Funding	Financed with loans (€ 12 billion/year) from private savings (Livret A). Public subsidies € 1.4 billion (2018) 10% VAT rate, land tax rebate for 25 years plus some local authorities' subsidies.
Implementation	Local level according to the local quota of social housing stemming out from the national figures
Importance	Social housing stock 5,200,000 households (2019); 70,000 to 100,000 new social units build per year. Funding see above.
Instrument development	This instrument is shaped by stronger financial constraints on the budget of social organizations but should go on reaching a housing stock of 6 million units in 2030.
Name	Fiscal scheme for private rental („*Pinel*")
Instrument type	Subsidised housing
Tenures	Rental housing
Description	Tax incentives for private investors to encourage rental investment (Pinel-Duflot). 12-21% of the investment is deducted from tax income depending on the duration of the rent reduction (ranging from 6 to 12 years). Private households are entitled to invest each year a maximum of € 300,000. The scheme may be limited to tense markets (large metropoles) and is not open in medium or small towns. The rent payed by the tenant will be reduced on low level for 9, 12 or 15 years.
Target groups	Low and middle income groups, including young households, students and mobile workers
Policy formulation	National level
Funding	Tax relief controlled by the Ministry of Finance.
Implementation	National level
Importance	30,000 to 40,000 units per year.
Instrument development	Scheme revised each four years for recalibration. Production of 1.3 million new rental units since 1983. This fiscal scheme has a strong resilience for resisting to continual critics. Fiscal rebate has a strong leverage effect for private investor with s a strong short-impact for new construction

Name	Intermediate rental loan (*Prêt locatif intermédiaire or PLI*)
Instrument type	Subsidised housing
Tenures	
Description	
Target groups	middle income and mobile households
Policy Formulation	
Funding	
Implementation	
Importance	2,000 to 4,000 households per year
Instrument development	
Name	Social rent to buy loan (*Prêt social location accession or PSLA*)
Instrument type	Subsidised housing
Tenures	Owner-occupied housing, Rental housing
Description	
Target groups	low income first time buyer
Policy Formulation	Providing an intermediate product for first time buyer with a low level of private equities
Funding	
Implementation	Sociétés cooperatives HLM and Procivis (social building companies network)
Importance	8,000 households per year
Instrument development	
Name	Agence national de l'habitat ANAH
Instrument type	Housing quality, Energy-related measure
Tenures	Owner occupied housing, Rental housing
Description	This instrument supports enhancement of accessibility for disabled and elderly people (tenants as well as owner-occupiers) and energy efficiency for any households through „*Habiter mieux*" and „*MaPrimeRénov*" programmes. The subsidy may cover a significant share of the cost of the improvement undertaken, according to the income of the house owner.
Target groups	Low income home owners, ageing households and all category of owners for energy savings.
Policy formulation	National level and local authorities
Funding	National level and local authorities, pension funds and social security (for elderly and disabled)
Implementation	Through the local branches of ANAH, the local authorities and a network of private non-profit developers
Importance	2019: 122,000 dwellings renovated. The annual budget is above € 1 billion
Instrument development	
Name	National agency for urban renewal (Agence nationale de renouvellement urbain ANRU)
Instrument type	Housing environment
Tenures	Owner-occupied Housing, Rental Housing
Description	The instrument aims at the enhancement of areas where a high share of poor households were accumulated, mostly targeting neighbourhoods built in the 1960ies. The scheme includes both subsidies for social rental organizations owning and letting the dwellings as well as tax rebates for private developers in order to foster social action and to improve education, security and health in those areas. The local programs are managed by the municipalities and supervised by the committee of the ANRU.
Target groups	Social housing organizations and private investors in 450 target areas
Policy Formulation	Local authorities, with agreement at the national and regional level
Funding	National, regional, local and Employer's Fund
Implementation	Local authorities with public and private housing partners
Importance	Total investment of € 40 billion from 2004 to 2013. Similar amount planned for 2014-2024.
Instrument development	The selection of supported areas was reviewed in 2014 on the base of the local rate of poverty.
Name	SOLIBAIL
Instrument type	Social sub-renting
Tenures	Homelessness
Description	The instrument is designed to facilitate private letting to very poor households. It enables non-profit organizations to rent dwellings and sub-rent it to people in need. The maximum rent to be paid by the tenant is 25% of the income. During a stay of 18 months maximum, the organization cares for the tenant in order to enable him to move into a dwelling outside the program.
Target groups	Households with very low income, usually previously housed in provisional shelter.
Policy Formulation	Regional level (Paris Region)
Funding	National level
Implementation	Regional branch of the Ministry in charge of housing in connection with local social services
Importance	5,000 households
Instrument development	Introduced in 2012.

3.3 Reform trends

The background of the national government's effort to reduce the general budgetary deficit, also housing policy instruments are subject to cost reduction measures. This is especially effecting demand side

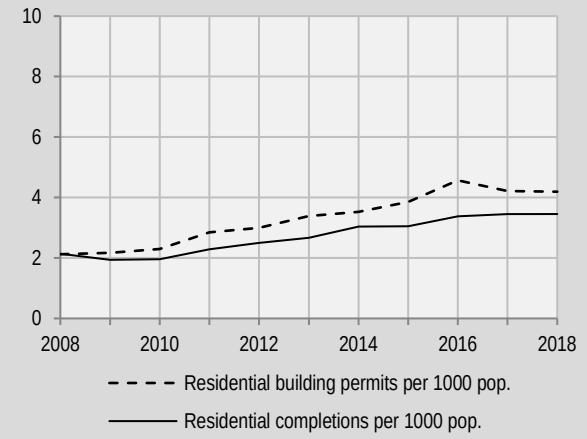
subsidies which are usually cost-intensive (€ 17 billion for housing allowance annually). Since2020 Housing allowances (APL) for new first-time buyers (with PTZ or PAS/PC) have been cancelled. The government is also trying to reduce the budget for housing allowances by lowering some social rent for low income tenants. Nevertheless, keeping a high level of social housing production is high on the agenda. The economic crisis will increase the need for social housing. And for reducing homelessness the target is a housing forts programme, in spite of the need for specific homes and shelters. Some other aspects of the housing policy are under permanent review, like PTZ or Pinel fiscal scheme. A strong emphasize is set on improvement on existing stock specially to improve the environmental quality of the housing stock and of new construction. Energy savings subsidies are developed, a new standards RE2020 should substitute for the previous Thermal regulation (RT2012). A new strategy for reducing land artificialization (ZAN) open a debate regarding arbitration between new developments and building in the existing urban fabric. Despite the efforts to reduce costs, French housing policy is still characterised by the pillars described above. Policies for keeping a high level of production, reducing homelessness, and urban renewal policy and energy savings measures are shaping the political agenda.

Germany

Population (million, 2018)	82.79	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	21.4	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	82.67	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	23.7	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	357,376	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	16.6	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	234.7	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	35,720	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	77	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	29,394	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	46	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	18.7	EUROSTAT, series t2020_50

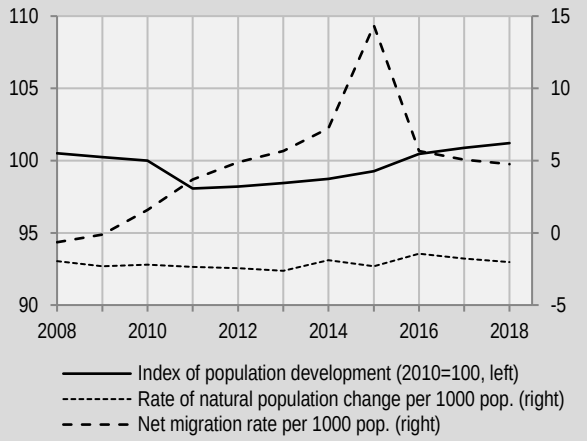
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



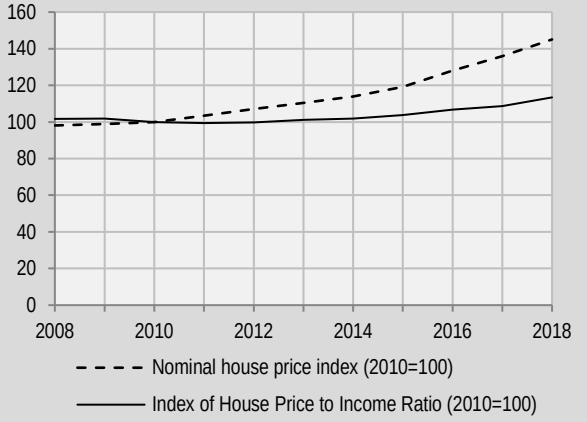
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



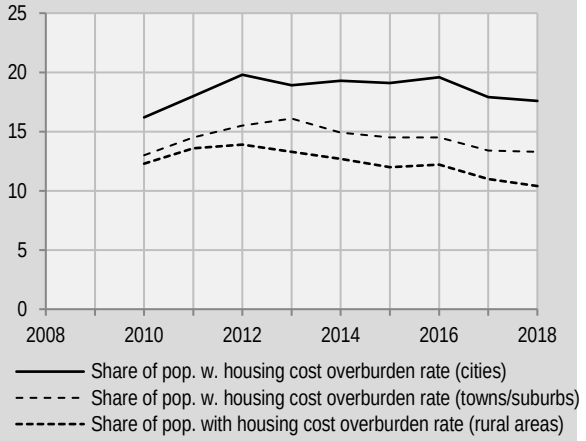
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Björn Egner, Max-Christopher Krapp, Kai Schulze and Martin Vaché have been involved as national experts.

1 Governance structure

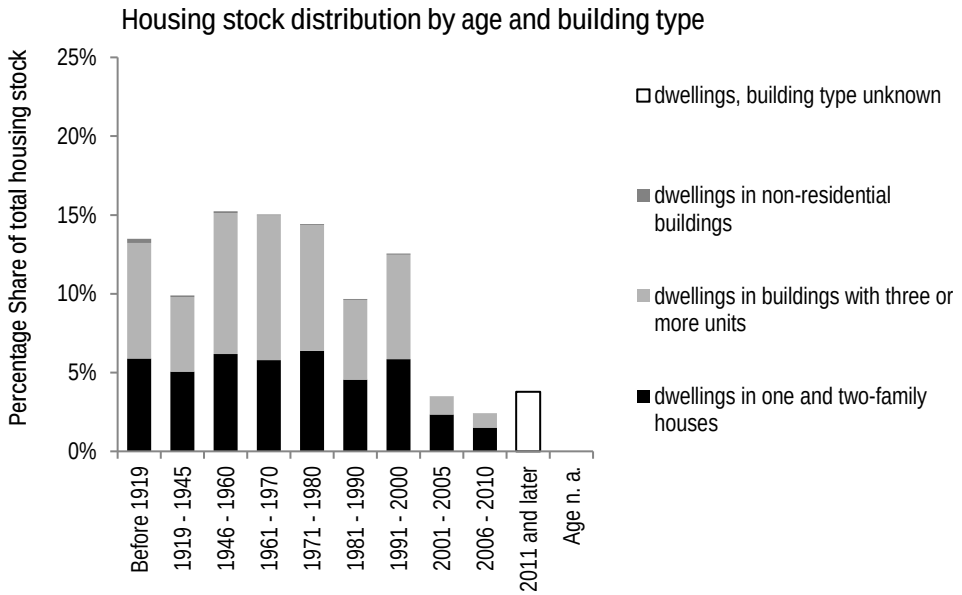
In Germany, several levels of government are involved in housing policy. The responsibilities for the different areas are distributed over the national, the regional (=state) as well as the local level according to the federal system in Germany. On the national level, several ministries are associated with housing policy. The Federal Ministry of the Interior, Building and Community for example is responsible for the general regulation of construction, development of cities, subsidies for development, housing allowance and housing economy whereas the Federal Ministry of Justice and Consumer Protection is responsible for tenancy law. The provision of the basic security scheme according to Book II and Book XII of the Social Code lies in the responsibility of the Federal Ministry of Labor and Social Affairs. Furthermore, the Federal Ministry of Finance is responsible for tax-related housing policy issues focusing on single tenures and the volume of subsidy programs, while the Federal Ministry for Economic Affairs and Energy is in charge of programs aiming at the enhancement of energy efficiency. On the regional level, the sixteen Länder (= states in the German federal system) are in charge of executing respectively implementing federal laws with their own administration. The responsible ministries are designated by themselves. The Länder are also responsible for the concretization of the regulation of construction as well as for regional planning and social housing. On the local level, municipalities (*Städte/Gemeinden*) and counties (*Kreise*) as well as municipalities that perform both functions (county-exempt cities) are responsible for administrating construction rights and building land development. They are also in charge of administrating the housing allowance (paid for by Bund and Länder) and the allocation of subsidized dwellings in the context of social housing and - as a voluntary task - for the calculation of the local rent index (*Mietspiegel*). In Germany, municipalities and counties are free to organize themselves. In most cases, they will have a housing department (*Wohnungsamt*) or housing issues are shared between several parts of the administration. On the federal level, responsibility for housing policy has changed from one ministry to another due to changes in the government composition. Since 2018, housing policy is part of the Ministry of the Interior, Building and Community; from 2013 to 2017 it was part of the Ministry for the Environment, Nature Conservation, Building and Nuclear Safety; from 2005 to 2013 part of the Ministry of Traffic and Digital Infrastructure. The designation of the ministries is significant in terms of policy formulation, since the focus of laws and directives may change due to responsibility shifts. Funding is not affected by the formal designation. Implementation is mostly the task of the Länder. The constitutional reform of 2006 transferred the legislative competence for social housing from the federal level to the Länder; at the same time, the earmarked financial aids, which the federal government granted to the Länder for social housing, ran out. As a compensation, transitional funds of the federal government were granted for a transitional period (2007 to 2019); these funds were legally not earmarked but the *Länder* could use the remedies for housing measures. Due to the increasing housing shortage, in 2019 the constitution has been amended again: The legislative competence for social housing remains with the *Länder* but the federal government can grant earmarked financial aids to the *Länder* for social housing. In 2020 and 2021 these aids amounted to 1 Billion Euros per year.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The age distribution of the German housing stock shows a relatively large share of pre-1918 dwellings, followed by a relatively lower share of dwellings from the interwar period. The largest share of dwellings stems from the post-war period, caused by replacement for war-time destruction of large shares of the

housing stock. Later periods with strong construction activity end in the mid-1970s, with another housing boom caused by the strong immigration after the reunification in the 1990 with a steady decline in the decade after 2000. While Germany did not observe a similar housing boom as other neighbouring countries before the great financial crisis, the rising immigration especially from other EU Member States lead to a strong demand shock and higher levels of new residential construction in the years after 2010 especially in urban areas. New construction after 1990 represents about 22% of the total stock. About 44% of the stock is in single family houses. Regional housing types differ, with only 22 % of the urban population living in single family houses, while in rural areas on average about two third of the population lives in single family houses. Refurbishment policies aimed, at a first stage, especially at the deep renovation of the dwelling stock in the former socialist Länder of East Germany, both targeted at prefabricated multi-family houses and at historic inner city and rural housing infrastructure. Currently, refurbishment policies aim to improve energy efficiency of the building stock as a whole, while in residential dwellings also the improvement of barrier-free accessibility has a certain priority on the political agenda.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: EUROSTAT, National Statistical Offices, European Mortgage Federation Federation (calculated from dwelling stock data 2018)

2.2 Housing tenures

The German housing system can be described as a strongly diversified system with slightly less than half of the households are owner-occupiers, and the majority is renting. While only a minimal share of about 3% is formally associated to subsidized social rental tenures, a key feature of market rate rental housing is the large diversity within this group, both offering private renting from individual landlords, commercial renting from corporate for-profit landlords, co-operative renting and renting from formerly non-for profit and usually publicly owned housing companies. Hence, rent setting may vary according to the individual business model and corporate governance rules adopted mainly by companies under public control, although all providers operate under the same legal framework.

Typical characteristics of tenures in Germany		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Ownership rights refer to land and built up structures in common. Construction and land may not be traded individually. Property rights include the full rights of use and enjoyment, of disposal, creation of encumbrance (e.g.by a mortgage), and constructing within legal limits. The right to sale may be restricted by public pre-emption rights only. Ownership includes the full liability for the premises, including the liability of maintenance, repair, and bearing of public taxes, levies and duties.	large share (ca. 36% of dwellings)
Flat ownership/condominium	Flat ownership (Wohnungseigentum nach Wohnungseigentumsgesetz) includes the rights of use and enjoyment of a single condominium, including the right of letting, disposal and creation of encumbrance. The association of owners owns land and construction in common. Major decisions regarding the whole property (e.g. refurbishment) need joint decision taking based on the majority principle. The association is liable for maintenance, repair and bearing of public taxes, levies and duties.	small share (ca. 9% of dwellings)
Cooperative owner-occupation		
Other	Emphyteusis lease is the right to build on land owned by a third party (Erbbaurechtsgesetz), usually paing lease. Ownership rights are restricted in duration and comprise the right of use, enjoyment and disposal. The beneficiary is liable for maintenance, repair, and bearing of public taxes, levies and duties. For social purposes, lease rates may be lowered for specific target groups, e.g. families. This is typically offered by municipalities or ecclesiastic land funds with non-profit status in order to reduce upfront capital costs for lower middle-income homeowners. Usufruct (Nießbrauch, §1030 Bürgerliches Gesetzbuch) is the (usually life-long) right of use and enjoyment of an individual residential property. Other than full ownership rights, usufruct rights cannot be disposed and traded. The beneficiary is liable for maintenance, repair and bearing of public taxes, levies and duties. Life-estates regularly include the right of use, but not the right of enjoyment, disposal, encumbrance, construction or other changes of the property. Simple life-estates (Wohnrecht, § 1093 BGB) are non-tradable or inheritable, and do not include liabilities for maintenance, repair and bearing of public taxes, levies and duties. Specific life-estates within the regulation of shared ownership (Dauerwohnrecht, § 31 ff. Wohnungseigentumsgesetz) may be declared perpetual, in this case the property rights include disposal.	niche

Rental tenures		
Market rate private/commercial rental tenures	Market rate rental housing: This sector comprises rental contracts defined under §§ 549 - 577a of the civic code (Bürgerliches Gesetzbuch, Mietverhältnisse über Wohnraum). Initial contract rents are subject to individual bargaining within the limitations of usury law only. Since 2015, tighter rent ceilings are possible in designated rent pressure zones (Neuvertragsmietpreisbremse, §556d ff. BGB). Rent increases are possible by declaration, agreement and indexing or may be contractually agreed on, but are limited to market average rent levels in most cases. Alternatively, rent increases are allowed in case of modernisation, limited to a maximum of 8% of the modernisation cost proportion, net maintenance and repair and eventual funding. Typically, tenancy agreements are unlimited in duration. Termination rules are strongly in favour of tenants ruling out eviction in most cases. Limited duration contracts only play a minor role and are subject to special constellations, e.g. personal use of the landlord. Utility cost bearing by tenants is the case in most rental contracts. Landlords are responsible for maintenance and repair. Modernisation can be decided on by landlords (and by tenants up on agreement). Landlords can be both private individuals, private sector companies and companies under public control. They all operate under the same regulation, but target groups and the choice of dwellings may differ. A relatively large sub-segment is the former privatised social housing sector that has attracted large-scale international investment activities over the last two decades.	large share (ca. 40% of dwellings)
Special regulation regimes	Not relevant	
Public rental tenures	Parts of the former social housing sector is still in public ownership or controlled by public bodies, mostly on municipal or state level. While this sector operates under the same legal framework as market-rent housing, specific public scope issues such as rent limit agreements can be implemented by means of corporate governance rules agreed on by the public body and the company. Some municipalities forsee a special role of the companies operating in this sector in the field of urban renewal, neighborhood management or energy efficiency initiatives.	small share (ca. 7% of dwellings)
Subsidized below market and/or privileged access rental tenures	Public funded rental housing (social rental housing): Funding is accessible for all types of landlords, and the degree of rent reduction is contractually determined for each dwelling individually. Typically, the duration of the contract has been set to 10 to 20 years in recent years. Eligibility is usually based on household income limits or emergency criteria defined by the states (Länder). Since 2006, public funded rental housing regulations were shifted from the federal law to state law in 2006. Therefore, different regulatory regimes may apply Most states define different limits according for specific funding schemes. Housing provision for households in need of assistance (§ 549 Abs. 2 of the civic code) is provided by tax-exempt non-profit welfare organisations (according to § 66 Abgabenordnung, Wohlfahrtspflege). Regulations for rent setting, rent increase and termination of contract do not apply in this tenure. Company rental housing tenures (Werkmietwohnung, § 576 BGB) are tenures for households with an employment contract with the landlord. Company rental tenures may be reduced in rent, or free of charge. Generally, regulation is equal to market rent, but with more flexible rights of termination by the landlord.	Subsidized social rental dwellings: small share (ca. 3% of dwellings) Other: no data available

Cooperative rental or similar national specific tenures	Housing co-operatives are limited-liability corporate tax-exempt companies (Vermietungsgenossenschaft", § 5 Abs. 1 Nr. 10 Körperschaftsteuergesetz), if their main scope of business is letting to members. The right to use, enjoy and disposal belong to the co-operative. Decisions affecting the ownership rights are taken by the general assembly of the members (one person one vote in the general assembly). Members own an abstract share of the whole co-operative. Shares are non-tradable, but reimbursable. Shareholders assume full risks of loss of the assets. Members must not be renters, but all renters have to be co-operative members. The regulation of the tenure follows the civic code for market based rental housing. Typically, renters enjoy a lifelong right to use and rent setting is below market rates, e.g. cost based (recovery of all costs related to the dwelling (e.g. investment, running cost, modernization etc.).	small share (ca. 5% of dwellings)
Other	Company housing: Company rental housing tenures (Werkmietwohnung, § 576 BGB) are tenures for households, where at least one household member has an employment contract with the landlord or a corporation/institution the landlord is legally bound to. Company rental tenures may be reduced in rent, or free of charge. Generally, regulation is equal to tenure a) market rentals, but with more flexible rights of termination by the landlord.	niche
Hybrid forms, e.g. rent-to-buy schemes	Rent-to-buy schemes are possible under private civil law, but not commonly used. Contracts consist in rental agreements combined with an option to buy. Both parts must be notarized to be valid. General rental law applies until the finalization of the acquisition	niche, no data available
Homelessness, temporary and informal housing		
Homelessness	Estimated at about 420.000 homeless people in 2016. roofless: about 52.000 people living without any shelter, sleeping on the streets/rough houseless: about 360.000 people (Wohnungsnotfälle: housing exclusion or at risk of becoming homeless) living in insecure housing conditions or inaequate housing: no data available	
Asylum accommodation	Initial reception centres, including particular types of centres such as arrival centres, special reception centres and transit centres: For a period of up to 6 months after their application has been filed, asylum seekers are generally obliged to stay in an initial reception centre (Aufnahmeeinrichtung - Section 47(1) Asylum Act.). The Federal States are required to establish and maintain the initial reception centres. Accordingly, there is at least one such centre in each of Germany's 16 Federal States with most Federal States having several initial reception facilities Mid-term accommodation: collective accommodation centres or decentralised accommodation	estimated at about 440.000 recognized refugees in shelters for asylum seekers/mass accommodations) in 2016.
Informal housing	Trailer parks („Wagenburg"): Housing estate made up of mobile vehicles. Like many squatted houses, today's wagon places are places of alternative culture. Some of the wagon parks are located in illegally occupied areas, others have rental contracts with the respective city, almost all have electricity, water and sewage connections.	Niche, no data available

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

Given the necessity of down-payments and general higher land prices in urban areas, house ownership in urban areas is more common in middle- and higher-income groups, and for households with permanent residence needs. In rural areas, house ownership is usually the most common tenure. Access for starter households may be facilitated by low land costs (e.g. using family pre-owned land), self-guided construction as well as lower personal quality requirements. Flat ownership is tied to multi-family housing, thus mostly located in urban areas. Typical target groups are middle income starter families, young urban professionals or senior households.

Rental tenures

Due to the high share of rental housing especially in urban areas, manifold groups are associated with

market rate rental housing. It is shaped by the economic sorting described in the context of owner-occupation (households with more resources switch from rental to owner-occupation). In rural areas, the share of rental housing is lower and typically lower income groups are associated with rental housing. Social rental housing is associated to people with lower income. Many households are also recipients of housing allowances. Social rental dwellings are all dwellings constructed with financial support by the state (in exchange for access privileges and rent reduction). Funding is accessible for all types of landlords, so, both state-owned and private companies may let subsidized and non-subsidized housing units together. The degree of rent reduction is contractually determined for each dwelling individually. Typically, the duration of the contract has been set to 10 to 20 years in recent years, which increases quality competition and market integration of social rental dwellings in the general rental market. On the other hand, termination of social rental status results in a continuously decreasing share of subsidized dwellings, despite the increased efforts of states to invest in new social rental dwellings. Rental tenure gets increasing attention due to the shortages of affordable housing stock in big and medium cities. The reduction of social housing and the extent of rent increases during the last 10 years in these hot spots forced all political parties to draw attention to and to increase funding of the rental sector.

Homelessness, informal and temporary housing

In 2016, estimations counted approximately 420,000 homeless people with 73% being male and 8% being children and young adolescents. According to NGO estimations, the overall number of homeless people increased by 25% between 2014 and 2016.

Providers of Housing Services

43% of the rental stock is provided by private landlords, 23% by associations of co-owners or in shared ownerships, 10% by private sector housing companies, 11% by government-controlled housing companies, 9% by co-operatives, 3% by private sector non-housing companies and 1% by non-profit organisations. Most public funded housing is provided by institutional providers (government-controlled, private sector and non-profit).

2.4 Housing Issues

General challenges

The most pressing issue affecting housing in Germany, is the ongoing urbanization process and evolving regional disparities. Germany is witnessing an over a decade long period of growth of large cities and metropolitan areas. The growth is linked to migration from abroad, but also migration within Germany. On the one hand, large cities and metropolitan areas are gaining population as housing preferences are shifting towards an urban lifestyle causing problems for agglomerations to create enough dwellings and functioning infrastructure. The consequences are increasing rents and housing prices in agglomerations. The increase in single-person households is leading to a lack of smaller units. On the other hand, there are rural regions and smaller cities that are losing population and are confronted with problems of vacancies, oversized infrastructure and regional environments blowing out. Germany witnessed a record migration influx in the year 2015. The net migration was estimated at more than 1.1 million more people entering Germany than leaving the country. The number is mainly a result of refugees fleeing the wars in Syria and Iraq and refugee migration from Africa as well as high migrant influx from within the EU. The migration within Europe is linked to the aftermath of the European debt crisis on the one hand and the freedom of movement for workers within the EU on the other. In general, this high level of migration increased the demand for dwellings. In markets under pressure (especially agglomerations), this development worsened the already present problem of affordable housing. The achievement of the energy saving targets, the ageing population and the shrinking number of households are also important challenges. In the future, a majority of the population will be at an age, when their children have already left the household and formed their own. This leads to an overall increase in household numbers with decreasing household sizes. Due to the trend towards smaller households, different size structures of dwellings (especially in multi-family houses) are necessary. As regards the ageing society, a rising need of age-appropriate housing is currently debated. Furthermore, high investments in the dwelling stock are necessary to achieve the climate goals.

Accessibility, affordability and availability problems

Owner-occupation is mainly shaped by economic sorting in Germany. In general, the share of owner-occupation rises with income (and age) of households. The share of owner-occupation in bigger cities is lower than in smaller cities or rural areas (about 30 % of owner-occupation in bigger cities compared to 45 % in general). Despite lower lending rates, due to rising land prices, building and additional acquisition costs, low- and middle-income groups in Germany are strongly affected by affordability problems. Therefore, these groups move to the periphery or have to refrain from purchasing property. As owner-occupied housing is to a high extent based on building activities of private households, availability problems rather relate to the price of building land in agglomerations than to a lack of dwellings with specific qualities. Nonetheless, the lack of building land in agglomerations increases availability problems in the owner-occupied sector. The development of owner-occupation is moreover hampered by the presence of strong competitors with high pressures to invest big amounts. Regarding the rental-housing sector in Germany, big families, single parents with several children and persons with health-related problems can encounter discriminatory practices and thus accessibility problems. Such households presumably resort to living in subsidized or smaller dwellings. The rental share in Germany increases especially in bigger cities. Thus, a lack of affordable dwellings is a frequent problem, especially for lower income level groups. The main availability problem in Germany is a shortage of smaller dwellings and a lack of old-age appropriate units. While rental housing in Germany is generally understood as a secure tenure with regulated rent increases, in public debates, the problem of rent increases due to refurbishment is frequently stated.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

German housing policy broadly follows the paradigm of the traditional social market economy, where the state only intervenes in the market in case of failures and housing being both as an economic and as well as a social good. At the same time, the principle of the welfare state, resting on its three pillars, is also important when dealing with housing policy. Since Germany has a high share of renters, a key feature of German housing policy is the detailed regulation of the relationship between tenant and landlord. On the demand side, the state is active in helping individuals by paying housing benefits (housing allowance and cost of accommodation) responding to affordability problems. Additionally, supply side-related instruments are strengthened whenever structural problems of the housing/rental market are temporarily perceived (affordability and availability issues). Otherwise, this pillar of the welfare state principle is reduced to a minimum (accessibility issues). Concerning the relationship between tenant and landlord a rent control has been established and the second pillar of the welfare state has been significantly strengthened by the introduction of instruments directly targeting affordability and availability problems. Supply-side measures for social housing are subsidized by the federal government but the legal basis has changed: After an interim period as a result of the 2006 constitutional reform in which the federal government granted uncommitted transitional funds to the Länder (ending 2019), the federal government starts in 2020 to grant earmarked financial aids to the Länder for social housing.

3.2 Housing Policy Instruments

Name	Housing allowance (*Wohngeld*)
Instrument type	Housing allowance
Tenures	Owner-occupied housing; Rental Housing
Description	The amount of housing allowance is calculated by a formula and depends negatively on income and positively on rent and household size. To avoid subsidizing an inadequately expensive housing, the maximum rent to be taken into account is bounded depending on the household size and the local market conditions. Recipients of housing allowance must have a calculated entitlement to payments of at least € 10. They must not receive basic security benefits and their financial and tangible assets must not exceed a specified limit.
Target groups	The instrument aims for households with lower income (tenants and homeowners) above basic security level. Homeowners are also eligible. Typical recipients are pensionaries, lone parent households and family households with lower income.
Policy formulation	National level
Funding	National and regional level
Implementation	Local level
Importance	At the end of 2019: 504,000 recipients (households). Total expenditure in 2019: 954 billion €
Instrument development	In 2009, 2016 and 2020, the housing allowance formula was changed in order to increase the amount of housing allowance of each recipient and to entitle additional recipients. Beginning in 2022, the benefit level will be adjusted to general level of consumer prices and rents every two years.
Name	Cost for accommodation as part of the means tested security benefit (*Kosten der Unterkunft und Heizung nach SGB II und SGB XII*)
Instrument type	Housing allowance
Tenures	Owner-occupied housing; Rental Housing
Description	Recipients of basic security benefits are legally entitled to be reimbursed their expenses for accommodation within a defined budget limit. This budget limit is depending on the size of the household as well as the rent conditions of the local market. The budget limit is determined by the local authorities respectively job centres. The benefit payments should facilitate housing in simple housing standards (exclusive substandard dwellings without bath or heating). Under certain conditions (e.g. necessity of facilities for disabled persons) the accepted accommodation costs can be higher. The instrument is means-tested and considers income and assets of household.
Target groups	This mean-tested instrument aims for households with incomes below basic security level. It is part of the basic security scheme for job seekers which are able to work (Book II of the Social Code), persons in need who are unable to work and persons over the age of 65 who are in need (Book XII of the Social Code).
Policy formulation	National level
Funding	National and local level
Implementation	Local level
Importance	2019 in the frame of Book II of the Social Code: about 2.6 Mio. KdU receiving households and € 13.6 billion expenditure. 2017 in the frame of Book XII of the Social Code: about 900,000 households and € 2.7 billion expenditure.
Instrument development	Due to the reorganisation of the basic security scheme respectively the books of the social code in 2005, where this social benefit was introduced for a broader target group, a lot of specification have been formulated by the social jurisdiction. After the introduction in 2005, a restriction for new household of people under 25 has been included, to reduce the rising costs for housing moves of young people that formerly lived in their parents' house.
Name	Construction child benefit (*Baukindergeld*)
Instrument type	Subsidy for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	The construction child benefit offers financial support to families with children for their first purchase of owner-occupied residential property. Families with children with a maximum household income of 90,000 euro with one child plus 15,000 euro for each additional child receive a subsidy per child totalling 12,000 euro (1,200 euro each year for 10 years) for the construction or purchase of owner-occupied residential property. New constructions are eligible if the building permit was issued between 01 January 2018 and 31 March 2021. In case of acquisition of new or existing buildings, the notarially certified purchase agreement must have been signed between 1 January 2018 and 31 March 2021.
Target groups	Families with children and single parents for their first purchase of owner-occupied residential property
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	According to previous estimates, this means that around 550,000 families can receive construction child benefit; that is around 180,000 family households per year. € 9.9 billion are available for Applications from 2018 to 2023. Thereof were submitted with a total subsidy volume of € 3.86 billion (31 December 2019).
Instrument development	Introduction in 2018

Name	Home ownership savings premium (*Wohnungsbauprämie*)
Instrument type	Subsidy for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	Subsidy for the development of equity. New conditions from 2021: Savings of a maximum of € 700 (single person) or € 1,400 (married couple) per calendar year are subsidized. The annual maximum premium is € 70 or € 140
Target groups	Low and middle income buyers and owners
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	Around 20% of households. 223 million € in 2019
Instrument development	Increase of income limits, limits of max. subsidised amount and rate of premium, effective from 2021.
Name	Home ownership promotion by KfW (*KfW-Wohneigentumsprogramm*)
Instrument type	Subsidy for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	Low-interest loan of up to € 50,000 or € 100,000 (depending on the specific product), which can be combined with other subsidies.
Target groups	For all those households who want to buy or build housing and live in it themselves
Policy formulation	National level
Funding	National level
Implementation	National level (KfW)
Importance	77,000 households (2019), € 4,424 million (2019)
Instrument development	The funding conditions are regularly adjusted.
Name	Social Housing (*soziale Wohnraumförderung*)
Instrument type	Subsidised housing
Tenures	Owner-occupied housing; Rental Housing
Description	Regarding the main tenure (rental housing), the subsidy is based on following approach: Based on a concrete building / cost plan for dwellings (mostly new buildings or refurbishments) investors receive a supply side subsidy, mostly in form of credits at reduced rates of interest or in form of grants. Therefore, the investor has to rent the dwelling to entitled households (target groups above) with a below market rent. The duration of this binding, the concrete allocation method of the dwellings as well as the rent regulations depends on the regulations of the Länder respectively the single subsidy scheme.
Target groups	Due to regional differences and according to the legislative and executive responsibility of the *Länder* the target groups can differ. Lower income groups (defined by income classes and differentiated by size of the household) are the main target group (renting as well as property building), thus in all *Länder* applicable schemes exist and approximately the most resources are focussed on these programmes. In some of the Länder specific programs respectively subsidy schemes do exist for e.g. students, households with special needs (e.g. barrier-free or handicapped accessible dwellings), refugees or residents in specific neighbourhoods, too. Some programs with less clear target group approach focus on households in agglomerations with high rents or focus on inner-city districts (e.g. regions characterised by vacancies).
Policy formulation	Regional level/ level of *Länder*
Funding	National and regional level/ level of *Länder*
Implementation	Regional level /level of *Länder* and local level
Importance	In 2018 (total: Federal level plus regional level): 58,500 supported dwellings (rental apartments: 27,040 supported new units, 17,968 supported refurbishments; owner occupied apartments: 12,066 supported measures). Total stock at 31st December 2018: about 1.18 million subsidised dwellings. In 2018 (total: Federal level plus regional level): interest subsidies 1,384.6 million €, grants 996.1 million €.
Instrument development	After the shift of the legislative competence to the *Länder* in 2006 nearly every *Land* has developed several new schemes with different focus. As a main trend a former narrowing of target groups is loosed towards broader income groups (even though the number of subsidised dwellings is still shrinking).
Name	Rent control for new rental contracts (*Mietpreisbremse*)
Instrument type	Rent regulation
Tenures	Rental housing
Description	While in general only the adjustment of rents in ongoing contracts is regulated this instrument affects the price level of new rental contracts in selected areas. These areas can be selected by enactments of the particular *Länder* when the rental market is under pressure. Landlords are restricted to a price level of 10 % above the so-called local reference rent (*ortsübliche Vergleichsmiete*), which is defined in private law and which is relevant for adjustment of rents in ongoing contracts. Basically, the described instrument is relevant for all tenants/landlords/contracts in selected areas. The regulation applies not to the following exceptions: new build or first-time rented dwellings; (totally) refurbished dwellings; dwellings, which had already a higher rent price level.
Target groups	Tenants with new contracts in rental markets under pressure (defined by the *Länder*)
Policy formulation	National level
Funding	N.a.
Implementation	Regional
Importance	N.a.
Instrument development	Introduction in 2015. In 2019 further modifications were incorporated, which should strengthen the information rights of tenants concerning the exceptions of the instruments.

3.3 Reform trends

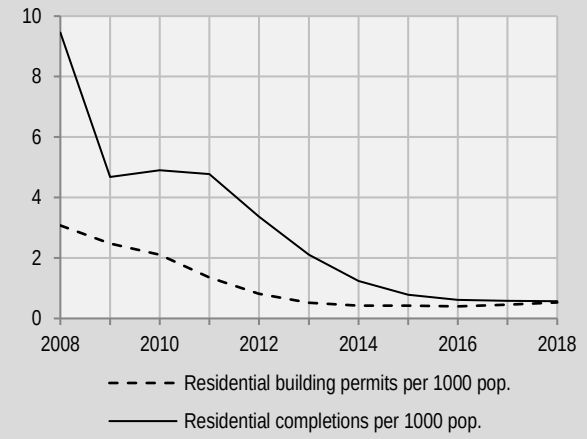
Housing policy development in Germany is characterised by the fact that the problem of the lack of affordable housing is being addressed through various instrumental reforms. The housing allowance has been adapted to current rent levels and has been dynamised, a new instrument for owner-occupied housing has been established, financial support for subsidised housing has been greatly expanded and within the scope of rent regulation a new restriction for new rentals has been introduced. Against this background, an expansion of housing policy can be observed which does not fundamentally change the existing mix of instruments.

Greece

Population (million, 2018)	10.74	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	21.8	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	9.62	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	29.3	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	132,049	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	11.9	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	82.5	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	17,400	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	70.6	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	15,311	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	44.6	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	31.8	EUROSTAT, series t2020_50

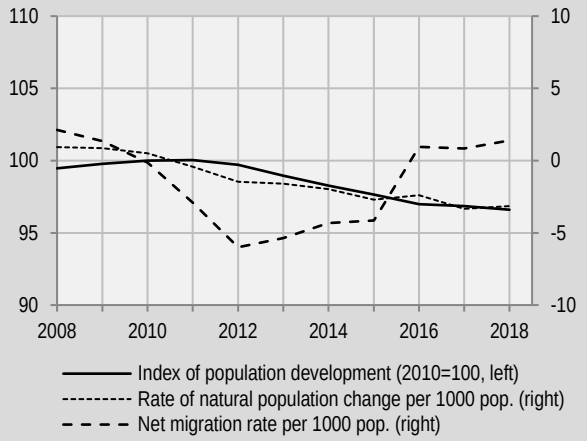
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



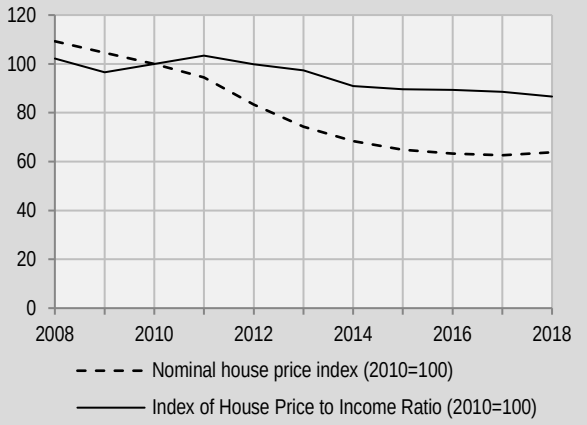
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



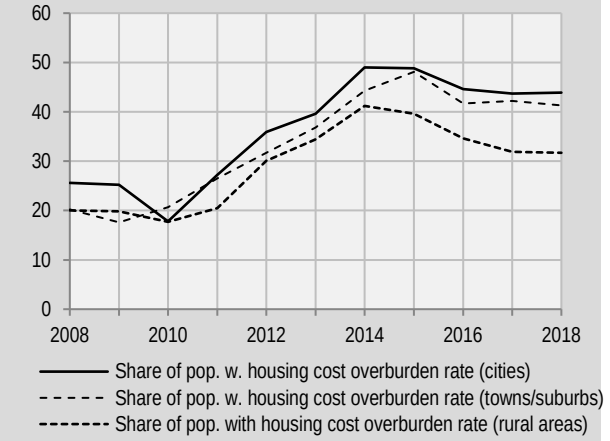
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, OECD House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Thomas Maloutas has been involved as national expert.

1 Governance structure

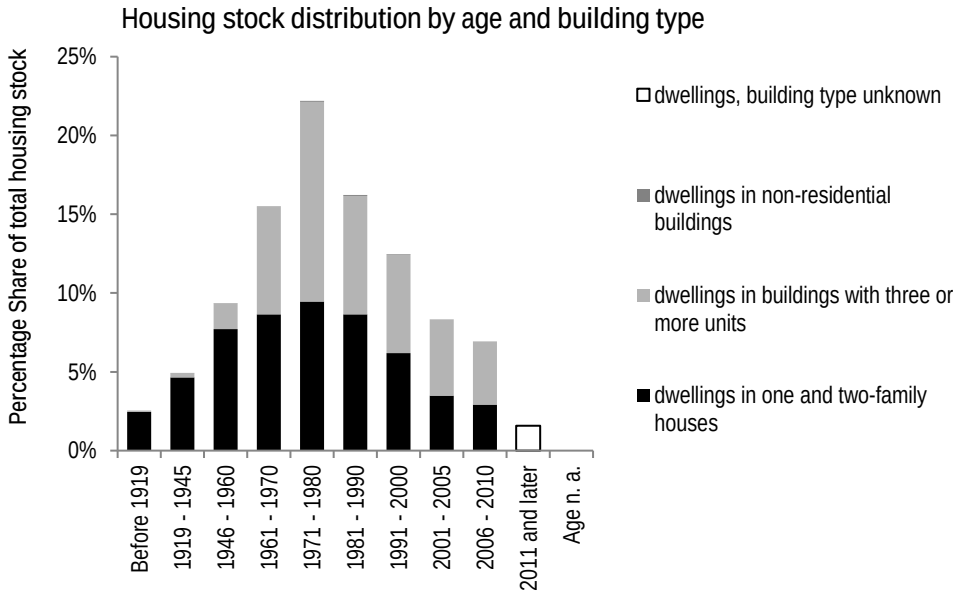
Housing policy in Greece takes place mainly at the national level. The issues are divided among different ministries but also international bodies and NGOs. The ministries include the Ministry of Labour, which is responsible for social aspects of housing policy, and the Ministry of the Environment, which manages building specifications and procedures as well as improving energy conservation. Furthermore, there is the Ministry of Finance, which is responsible for conditions and protection of indebted homeowners with defaulting mortgages. In addition, international committees of the UN or NGOs are involved at national level, which organize and partially finance the accommodation and care of refugees. Until 2010 and 2012 respectively, Greece had the Agency for Workers' Housing (OEK) and the Agency for Urban Planning and Housing (DEPOS), which were abolished due to austerity measures in the wake of the financial crisis. The regional level has no specific role in housing policy, but they have at this level departments or agencies that are active in the field of welfare and are beneficiaries of subsidized housing projects of the Ministry of Labour. At the local level, municipalities are free to organize the responsibilities for housing among their administrations themselves. They are mainly responsible for the implementation of housing policy measures. The main municipal actor is usually the Environment and Construction Administration, which is responsible for operations and development, covering everything from securing good housing conditions to working for a changed resident composition in deprived areas. In some municipalities, a unit has been set up within the Mayor's office in relation to deprived housing areas, which shows the importance put on solving the challenges in those areas. Its purpose is to coordinate the efforts in relation to deprived housing areas, including housing. In most cases, the local governments, especially in cities, will have two departments, which are involved in housing related issues. The social services department has the responsibility for housing of specific groups, such as the elderly and people with disabilities. The planning department has the responsibility for the municipal planning of housing. Municipalities have begun to formulate local housing policies in recent years, while previously the main municipal focus was on planning and only the major cities had a local housing policy. However, it has to be noted that the local level often lacks funds and/or know-how in order to implement housing measures. The local level also has a less important role in housing policy issues in Greece, but it is involved in spatial affairs. However, there are local authorities for technical and social services. The former is responsible for the control and approval of building permits. The latter, like the regional level, act as beneficiaries of the housing projects of the Ministry of Labour, but also as partners in specific projects, such as the accommodation of refugees locally. Looking at the horizontal level, more than one displacement can be observed. For example, as mentioned above, the OEK and DEPOS, to which parts have been transferred, have been abolished and not replaced, so that the competences are more centred. Vertically, there was no shift in Greece, but the control of building permits have been transferred from the central government (the Ministry of Public Works and the Environment) to the local authorities.

2 Characteristics of the National Housing System

2.1 The Housing Stock

In Greece, the largest proportion of the housing stock stems from the post-war eras, with a significantly high proportion of dwellings from the 1970s. Relatively higher rates of new construction can also be observed in the decade before the financial crisis. In total, dwellings after 1990 account for about 29% the stock and there is a relatively high level of urbanization. While only 15% of the urban population is living in single family houses, in rural areas on average 85% of the population lives in single family houses. The

total share of dwellings in single-family houses is 54%. The housing stock has two major challenges in terms of quality. Firstly, a lack of seismic resistance of older parts of the dwelling stock, since specifications for earthquake safety were not laid down in the Building Code before 1980. Secondly, older buildings are also affected by energy efficiency problems. 75% of them are not or only poorly insulated and partly lack adequate heating installations. Stricter regulations in accordance with EPBD regulations apply to new buildings and renovations. In addition, barrier-free access is lacking. Especially in areas with a high level of tourism, the stock is usually newer or at least more renovated than in other areas.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: EUROSTAT, National Statistical Offices, European Mortgage Federation Federation (calculated from dwelling stock data 2018

2.2 Housing tenures

The composition of housing tenures in Greece show characteristics of a rather diversified system, with a larger owner occupation share as main tier, and a medium sized private rental sector as second tier. Formally, no subsidized or privileged access social rental tenure exists. A total share of about 75% of the dwellings are associated with owner-occupation. Market rate rental tenures comprise about 25% of the dwellings.

Typical characteristics of tenures in Greece		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	homeownership with full rights as the most common tenure	very large share (ca. 73% of dwellings)
Flat ownership/condominium		
Cooperative owner-occupation	co-operative ownership, registered only in the last census (2011)	niche (0.4% of dwellings as of 2011)
Other	Usufruct: refers to the free of charge use of a house, commonly used within families as part of an intergenerational transfer strategy of property. To a much smaller extent used within employer to employee-relationships. Rights of occupancy: used within families for tax purposes or for planning inheritance processes	Total, including unknown tenure status: small share (ca. 5% of dwellings). Usufruct/Right-to-use: niche (not registered)
Rental tenures		
Market rate private/commercial rental tenures	Market rate private rental housing is usually provided by small private landlords. No rent regulation exists, but the given structure of landlord-tenant relations favour social compromises in the rental market.	medium share (ca. 22% of dwellings)
Special regulation regimes	n. a.	
Public rental tenures	n. a.	

Subsidized below market and/or privileged access rental tenures	Housing units for refugees established after 2015, involving private rental dwellings provided by landlords who participate in refugee housing programs.	3/2019 data: 26,000 housing places 2019 in the UNHCR ESTIA programme. 6,500 housing places in the „Solidarity Now“ programme
Cooperative rental or similar national specific tenures	n. a.	
Other		
Hybrid forms, e.g. rent-to-buy schemes		
Homelessness, temporary and informal housing		
Homelessness	Homelessness as rooflessness became visible in Greece - especially in large urban areas- with the crisis. Insecure housing conditions and threat of eviction is real, although without having taken the size it has in other South European countries, like Spain. The potential rapid deterioration of conditions for insecure / unregulated tenancies depends actually on the way changes related to short term renting will destabilize further the conventional rental market and on the potential policies to regulate these changes and their impact.	
Asylum accommodation	Refugee camps existed since the 1990s, with increased capacities since 2015. Several are located in the Aegean islands next to the Turkish coast, but also in several places in mainland Greece.	Estimated at about 25,000. Refugees on islands: about 15,000 in June 2018 according to UNHCR, mostly in camps, often in inadequate conditions.
Informal housing	Illegally constructed housing in unplanned settlements of the first decades of the post-war period were formalised and included in the formal city planning. Only few areas originating from such processes still lack public amenities. Inadequate housing conditions refer to specific marginalised groups with often temporary housing facilities. Dwellings that lack important features like heating installations are more common, both socially and spatially. Extreme overcrowding is related especially to recent migrants sharing often inadequate and sometimes illegal housing units.	

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

Home ownership is accessible for most social groups, although a lower proportion of homeowners can be found in the service sector and among working class households, which can partly be explained by the high proportion of immigrants in these groups. The expansion of home-ownership rates originates in the period after the civil war (1946-49) in order to integrate broad social groups in the conservative welfare policy system. Over time, owner-occupation became the predominant form of ownership and was distributed relatively evenly among the social groups. However, the quality, location and value of the property differed between the groups. In the 1990s, the housing market became more liberalized and housing loans from private banks were introduced. This led to increased demand from the middle class and a rise in prices was the result. At the same time, access to housing shrank as, for example, traditional small-scale production in urban areas declined. With the significant growth of migrants from the Balkans and developing countries, inequality of access to home ownership increased.

Rental tenures

While home-ownership rates have been growing for years, the share of normal rental housing has stagnated. Only the social meaning of rental tenure has changed over since 1990. This change has been reinforced by the high inflow of migrants. Overall, on average more people from social subgroups and even more migrants (especially from developing countries) live in rented accommodation. Rental housing has traditionally been less in the political agenda than home-ownership and lacked funding. It is only in recent years that the attention of politicians has also focused on rental housing. In 2019, a subsidy program was launched.

Homelessness, informal and temporary housing

Homelessness has increased more strongly in Greece since the economic crisis and also affects groups that were not threatened by homelessness before the crisis. With the refugee crisis since 2015, the problem has been intensified again, as the wave of migrants has further increased visibility and increased political pressure to act. There is also a social and spatial expansion of inadequate dwelling units, often

associated with overcrowding and migrant worker use. Precarious housing is more likely to relate to smaller vulnerable groups, such as Sinti and Roma, who live on campsites that are sometimes even illegal. Illegal settlements that date from the post-war period were often included in the formal town plans through a posteriori planning and thus almost completely eradicated. The remaining informal settlements are still very poorly equipped today. The current policy objectives of the government are aimed at combating homelessness, although the plans to do so are still very new. The attention of policy makers generally relates to homelessness and the identification of the exact problem situation.

Providers of Housing Services

In Greece, there is an absolute majority of small private landlords offering rental housing. They are usually older, belong to middle or upper social groups and use the property as an investment for their savings. The social status of landlords and the small size of their rental properties contribute to different power relations and social compromises in the rental market, e.g. in terms of rent setting. Larger investors were even prevented from investing in the housing sector until the 1990s.

2.4 Housing Issues

General challenges

Urbanization has played a more important role for Greek housing markets until the 1980s, but the trend has levelled off since then. In terms of demographic changes, birth rates in Greece have been declining over the past decades, which has enabled lower classes to adopt a defensive housing strategy and to accommodate family members with their own housing resources. However, this has also led to the later emancipation of younger family members, especially among lower social classes. Meanwhile, the Greek housing stock has improved in quality mostly due to co-financing provided by the EU. More recently, the refugee crisis and the growing number of immigrants has created serious problems on the Greek housing market as social housing policy is not available and refugees and immigrants could not seek accommodation through traditional channels like local contacts. The situation had been more favourable in the 1990s, when labour and housing markets still offered niches for migrants. This has changed fundamentally in the 2000s over the economic and financial crisis.

Accessibility, affordability and availability problems

There are some access problems related to discrimination against certain groups. This also affects people with disabilities, whose situation is only poorly addressed. However, affordability of housing is a much more important problem in Greece, as it has become increasingly difficult to afford a home since the 1990s due to rising prices. Lower social groups in particular often cannot afford to own their own homes. Financing property for young people has been a major problem, especially during the recession as loans were taken out before the crisis. After the crisis, they were usually facing much lower salary while the repayment rates remained the same. For many, this led to late payments and for many, it posed an existential threat. The poor economic situation was also accompanied by an increase in property tax after 2010, which further contributed to the access problem. Affordability has also been affected by increasing prices in the short-term rental market, which has grown in the last years. Nevertheless, there are still a large number of empty houses in Greece, which act as a reserve, but actually function as holiday homes or second homes and are not available to the normal markets. In the rental market, there is discrimination against migrants in some cases, but this is not of widespread concern. A bigger problem, however, is affordability as income has often been greatly reduced over the crisis while rents have remained unchanged. Nevertheless, in many tenancies compromises were found reducing the rent for socially deprived households. However, there were also many tenants who have moved to smaller or cheaper apartments, moved to live with other family members or, in extreme cases, have become homeless. Overall, the availability of rental units is not a problem. There are, of course, regions, especially in tourist areas, where availability is an issue in the high season. However, these are more recent phenomena. It can be expected that the problem may increase due to the short-term rental situation. A big problem in Greece is the lack and poor quality of refugee accommodation. Extreme right-wing groups have been mobilizing against refugee accommodation, but without much political impact. Roma groups on the outskirts of cities have also been rather unwelcomed among residents. The growing number of homeless people is also affected by the lack of accommodation, which is why they have become particularly visible

in cities since the crisis.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

Housing policy has traditionally been less visible in Greece and has been mainly targeted at victims of wars and natural disasters. Housing as a social right has never been part of the Greek debate, except in the period after the Second World War and the Civil War when efforts were made to provide access to housing for the lower social classes. Affordability declined in the 1990s and worsened further in the wake of the crisis, bringing it on the political agenda for the first time. There are currently two main issues related to affordability in Greece: the prevention of homelessness and the subsidization of housing for low-income groups, which was implemented in early 2019. Tenants received less attention than homeowners, but the tough rent controls and a loosening of the rules on eviction were introduced. After the crisis, austerity policies resulted in weakening of already weak housing policy support and measures such as the termination of the Agency for Workers' Housing (OEK) and the Agency for Urban Planning and Housing (DEPOS). In addition, the property tax was increased. With the relaxation of the austerity policy around 2018, new measures to combat homelessness and to introduce subsidized rent were adopted. There are no coherent guidelines in Greek housing policy, only individual measures to strengthen social protection in terms of access for groups with housing needs. There are no comprehensive reform plans either, only a possible policy response to the effects of short-term rental practices that have already affected the conventional rental housing market is envisaged.

3.2 Housing Policy Instruments

Name	Rent subsidy
Instrument type	Housing Allowance
Tenures	Rental housing
Description	Housing allowance is available to households who an income of less than € 7,000 per year (€ 3,500 per additional household member up to a maximum of 21,000). There is also an upper limit on property ownership, which is € 120,000 (€15,000 per additional household member up to a maximum of € 180,000). The monthly allowance is € 70 (€ 35 per additional household member up to a maximum of € 210).
Target groups	Low income groups
Policy Formulation	National level
Funding	National level
Implementation	National level (with the assistance of local authorities that intervene in the submission of applications by specific types of families (e.g. single parent households).
Importance	Public spending of € 410,000.00 annually. According to an estimate of the Ministry of Labour, 300,000-340,000 households benefit from these measures.
Instrument development	Before the introduction of this new instrument in 2018, there was a minor instrument with only about 20,000 benefiting households. The instrument affected only very poor households. With the improvement of the economic situation and the end of the memoranda period in 2018, the expansion should cover the consequences of the crisis more effectively.

Name	Protection of main residence from seizure
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupation
Description	Interested indebted homeowners can apply for protection via an electronic platform. The bank will arrange based on the applicants' income and assets. This regulation follows a fixed pattern and includes firstly an extension of the loan to a maximum of 25 years, secondly a fixed interest rate (euribor+2%) and thirdly the possibility of a reduction of the debt by the bank if the remaining debt exceeds 120% of the commercial value of the property. These measures are intended to protect homeowners who would be able to keep their residence if they were unable to pay due to a situation without fault. At the same time, it helps the banks to arrange the high debts and to prevent seizure of the property and to identify free riders from previous protection measures. This arrangement is linked to an agreement between the Greek government, the banks, and the European institutions.
Target groups	Homeowners owing mortgage loans to private banks, who are threatened with insolvency through no fault of their own, if (1) the remaining debt is not more than € 130,000, (2) the value of the principal residence is not more than € 250,000, (3) the applicant's savings do not exceed 50% of his debts, (4) the total value of his property is not more than 200% of the debts, and (5) the annual income is not more than € 12,500 (single person), € 21,000 (couple) and is increased by € 5,000 for each child (up to three). In addition, this instrument aims to protect indebted persons also for other loans (e.g. small entrepreneurs) who have pledged their main residence as collateral. The eligibility criteria are the same in all cases.
Policy Formulation	National level
Funding	National level
Implementation	National level
Importance	It is estimated that this instrument will affect 170,000 to 180,000 mortgagees with default payments of about € 10 billion (40% of the total number of those who mortgaged their main residence).
Instrument development	The instrument was introduced in 2010 and currently had a major recalibration to reduce the number of protected mortgage holders (more targeted protection) to improve the financial situation of banks in relation to unserved loans.
Name	Protection of the homeless
Instrument type	Subsidised housing
Tenures	Homelessness
Description	The instrument of subsidized housing is still in the declaration and specification phase. Presumably, part of the instrument will serve to strengthen the capacity of the small programs that actually exist. As a goal, the Minister of Labour set a reduction of 25% of the homeless by 2021 and an increase in the number of beneficiaries of the „Home & Work“ programme from 400 to 1,000 households as well as better integration into the labour market of the homeless (about 10%). Furthermore, the resettlement of Roma households to better housing conditions is to be achieved and rent subsidies are to be expanded.
Target groups	The content for the instrument against homelessness is still rather unclear, but it will most likely help persons/households with fewer financial resources who have no other resources (e.g. family self-help network) and/or are affected by additional disadvantages (asylum seeker status, problematic health).
Policy Formulation	National level
Funding	Not specified at the moment
Implementation	Local level (in cooperation with NGOs)
Importance	
Instrument development	Introduced as pilot form in 2015
Name	Property tax
Instrument type	Taxation
Tenures	Owner-occupation
Description	Real estate property is taxed annually on the basis of its total value. The tax is progressive and increases steeper for larger properties. Initially, it was paid through the electricity bill, but now it is handled directly by the tax authorities to include property types that do not use electricity.
Target groups	All real property owners
Policy Formulation	National level
Funding	n. a.
Implementation	National level
Importance	
Instrument development	The instrument was introduced in 2011 and has had some minor changes since then.

3.3 Reform trends

As mentioned above, Greece had a less active housing policy, which was further thinned out by the financial crisis. One of the consequences was the 2011 wealth tax reform, which increases wealth tax by almost eight times. With the first easing of the austerity policy, new activities were decided. Since the beginning of 2019, rent subsidies have been introduced, and measures to protect the homeless are to begin after a preparatory period. Furthermore, the tax system has been reformed and a new subsidy for homeowners and homebuyers has been introduced, which include a substantial reduction in purchasing tax, a sharp increase in tax of possessing property and protection of the main residence from confiscation.

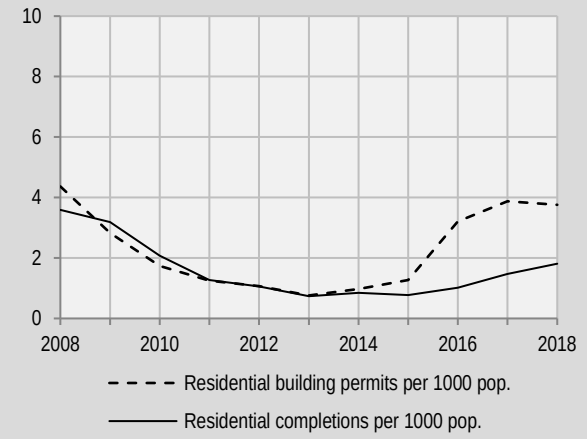
The tax reforms aimed to collect taxes to face the national debt and to exercise pressure to mobilise (sell or rent) properties in inertia.

Hungary

Population (million, 2018)	9.78	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	18.9	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	9.04	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	27.1	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	93,011	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	5.5	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	107.1	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	12,680	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	67	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	15,503	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	42.6	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	19.6	EUROSTAT, series t2020_50

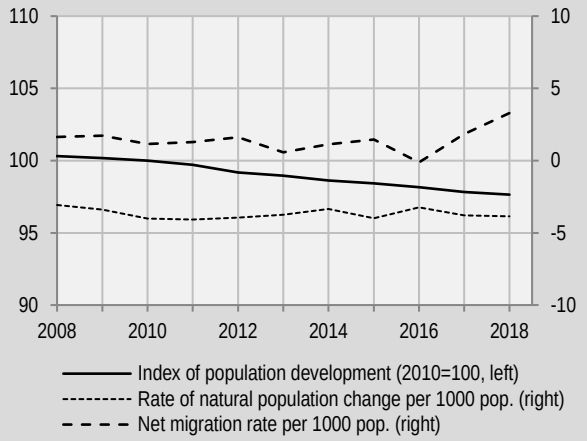
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



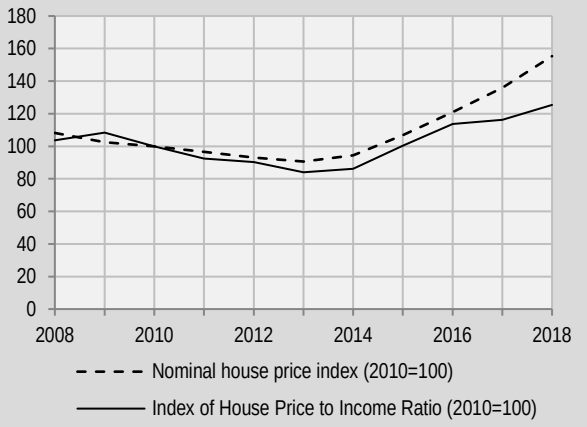
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



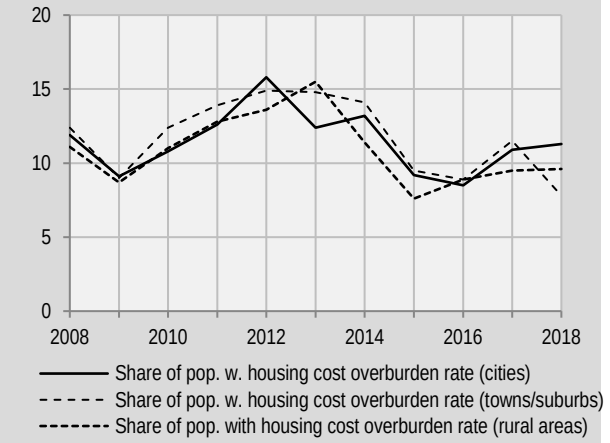
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

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This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. József Hegedüs has been involved as national expert.

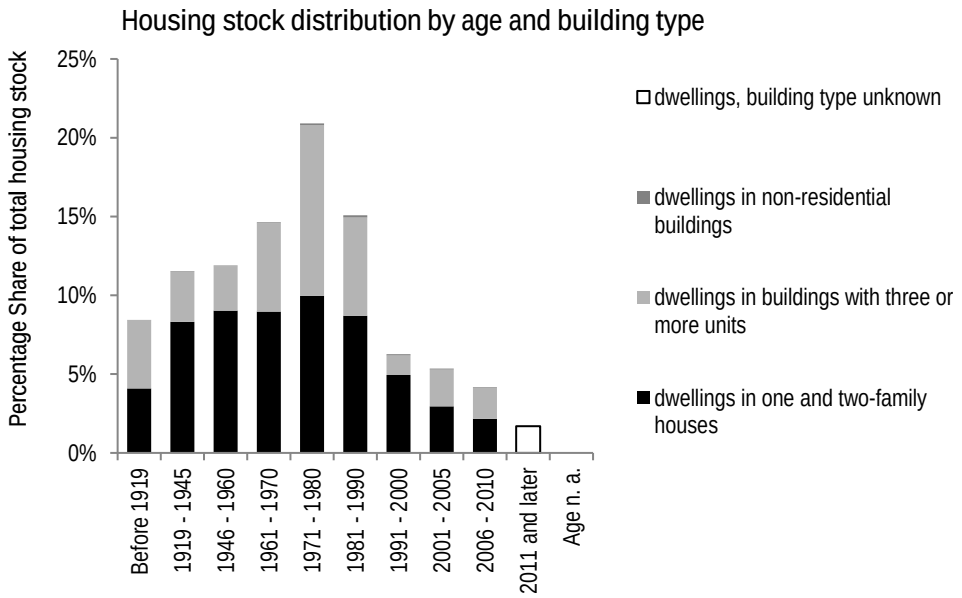
1 Governance structure

In Hungary, two levels of government are involved in housing policy. The responsibilities are distributed over the national and the local level. On the national level, the Ministry of Finance, the Ministry of Human Capacities, the Ministry of Innovation and Technology, the Ministry of Interior are in involved in housing policy. While the Ministry of Finance is responsible for subsidy programs and taxation, the Ministry of Human Capacities is responsible for social issues regarding housing. The scope of duties of the Ministry of Innovation and Technology is energy policy in the housing sphere and building regulations. Moreover, the Ministry of Interior is responsible for building regulations and the municipalities. In Hungary, the regional level is not involved in housing policy. On the local level in Hungary, there are 3,055 municipalities and Budapest which has a special structure as the task of housing is the responsibility of the District municipalities. The municipalities have autonomy in terms of the organizational setup of their offices. For example, the housing sector is handled in the same department together with real estate, social issues, property management, and public works. It is common that the housing stock is managed by a private company owned by the municipality. The main task is the management of the owned housing stock, and the development of the local housing policy in the framework of the national legislation. Individual solutions are possible due to no restrictive national legislation. Among other this includes measures regarding rent setting, allocation mechanism, behavioural rules, and freedom to invest into social housing or privatization arrangements. Among the governmental bodies and their subordinated entities there are players in housing policy like the state-owned railway company which own its own housing stock, which is mainly privatized and the Hungarian National Bank, which is closely connected to the government and plays an important role in housing policy. Their reports are one of the most important information resources supporting housing policy. Since 2010 there were several changes in the government structure, but the allocation of housing related tasks remained quite stable. There have been no major vertical shifts except the formation of the small region deconcentrated offices, which have some power over the enforcement of the building regulations.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The housing stock in Hungary is characterised by a particularly large proportion of dwellings from the post-war eras until the end of the communist period, with a peak in dwellings from the 1970s. Also, dwellings from the inter-war era account for a significant share of the dwelling stock. New construction after 1990 represents less than 20% of the total stock. Relatively higher rates of new construction can be especially observed in the decade before the financial crisis. About 60% of the stock is in single family houses. Regional housing types differ, with only 33% of the urban population living in single family houses, while in rural areas on average 90% of the population lives in single family houses. According to the housing survey 2018 of the Central Statistical Office of Hungary, more than 70% of the older dwellings from the 1960s and earlier are in need for refurbishment. Especially the urban municipal rental dwelling stock, but also dwellings with rent-free tenures and rural single-family houses are particularly often subject to at least partial refurbishment needs.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: EUROSTAT, National Statistical Offices, European Mortgage Federation Federation (calculated from cumulative housing completions to 2018)

2.2 Housing tenures

The composition of housing tenures in Hungary show characteristics of a rather concentrated system. A share of almost 90% of all dwellings are associated with owner-occupation, both as house ownership, co-operative and condominium ownership. The share of private rental is about 9%, the share of public and social rental dwellings is at about 3% of all dwellings.

Typical characteristics of tenures in Hungary		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Full ownership of a single-family house is the typical tenure form in rural and suburban areas.	large share (ca. 60% of dwellings)
Flat ownership/condominium	Ownership of a flat in the multi-unit building can be based on two forms of regulation, condominium law (Act 2003/CXXXIII) and cooperatives (Act 2004/ CX): In the case of a condominium, the common part of the building is a joint-ownership, in the case of the cooperative it is the ownership of the coop. In both cases the individual flats is the property of the individual owners. Owners of a building with less than 7 units have an option to set up a so-called small condominium or handle common areas of the building as a common ownership.	large share (ca. 28% of dwellings, of which about 2/3 are condominiums)
Cooperative owner-occupation		
Other	Reverse mortgage scheme as a financial product related to existing „life care" contractual arrangements, introduced in the 2000s.Three products were developed: HILD Life-annuity Program Hungary (HILD Örökjáradék Program Magyarország) (from 2005); FHB Life-annuity Zrt (from 2006); and OTP Life-annuity Zrt (from 2006). After the 2008 financial crisis default units were partly shifted to the National Property Management Agency who kept defaulted ex-owners as renters- Life-annuity products have two items: cash transfer which is equal to 15-30% of the market value, and an annuity which is calculated on the basis of the client's age and family status - Reverse mortgage, allowing clients to keep the property rights of their home.	estimated number of contracts (no official statistics available): HILD (2000); FHB (2000), and OTP (1500).

Rental tenures		
Market rate private/commercial rental tenures	Market rate rental tenures are mostly associated with private rental housing, i.e. a private individual landlord establishes a contract with an individual tenant regulated under the Housing Law. The term of the contract is typically short, one or two years, with a possibility of mutual prolongation upon agreement. In addition, also a small part of public rental tenancies may have market or near-market rent levels.	small share (ca. 9% of dwellings)
Special regulation regimes		
Public rental tenures	There are several tenancy subtypes within subsidised social rental tenures: - most public rental housing is associated with municipalities as providers, regulated by the Housing Law and related regulations of housing subsidy programmes. This comprises social rental housing, cost-based rental housing, and municipal rental housing. Generally, allocation rules and rent setting are not linked to the real cost, or the real market rent; the rent levels even in the case of the „market rent" of the municipal housing is around 40% of the real market rent level. In cases where cost-based rent levels would be above market level, municipalities usually set a rent price between social housing and market rental levels. - Social rental housing under other agencies	small share (ca. 3% of dwellings, including market price public rental housing)
Subsidized below market and/or privileged access rental tenures		
Cooperative rental or similar national specific tenures		
Other/unknown		n. a.
Hybrid forms, e.g. rent-to-buy schemes	Reverse mortgage scheme	niche
Homelessness, temporary and informal housing		
Homelessness	In Hungary, there are several forms of homelessness; about some forms there are specific data available, about others there are only anecdotic resources.	Data for 2018: In shelters/ temporary accommodation ca. 6,300 Rough sleepers ca. 2,350.
Asylum accommodation	Two designated camps for refugees and people who are waiting to have their refugee status granted, to be used for a maximum of 30 days.	Capacity of ca. 1,000 people
Informal housing	In Hungary, there are some types of informal neighbourhoods, characterised by inferior quality housing, non-formalised construction, and lack of public utilities, amenities, and insecure housing titles.	There are no exact data on such housing. Data regarding segregated housing by the CSO, based on social criteria of the inhabitants, estimate a 2.8% share of the total population of Hungary.

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

The share of owner-occupation decreased after the 2008 financial crisis, partly because younger persons had fewer opportunities to purchase housing. In Budapest, owner-occupied housing dropped to 76% of the housing stock, even though it remained 90% or higher in other cities. With high proportions of owner-occupation and as a result of privatisation in the 1990s, all social groups are present in this tenure.

Rental tenures

The demand share of PRS has two main groups. On the one hand, households whose special housing demand allows them to compensate for the sector's legal and fiscal disadvantages. This applies for example to well-paid young professionals, mobile foreign workers, students and families in a transitory housing demand situation. On the other hand, a large share of private renter households is not in a position to achieve ownership. In addition to low-income households or defaulted mortgagors, this also affects starter households without family equity support. Public housing targets only lower income households, with only marginal proportions of population above the 6th income decile. In Hungary private renting stagnated at around 3-4% of the total housing stock for most of the transition period. The share of market rental housing increased after the 2008 financial crisis, partly because younger persons had fewer opportunities to purchase housing, but also because higher-income groups increased their real estate investments. In Budapest, owner-occupied housing dropped to 76% of the housing stock, even though it remained 90% or higher in other cities. The real share of the private rental dwellings is still uncertain and is presumably underestimated.

Homelessness, informal and temporary housing

In Hungary, most of the rough sleepers are men. Approximately 25% of the homeless persons suffer from mental problems, 50% struggle with health, income and abuse problems. The share of Roma is steadily increasing up to currently about one third of the homeless population.

Providers of Housing Services

Public rental housing is provided by municipal providers. Private landlords invest in buy-to-let models or rent out the existing housing stock.

2.4 Housing Issues

General challenges

In Hungary there is pressure on the housing market due to the direction of the inner migration which is from the under-developed areas to the more developed areas. Furthermore, there is a negative demographic trend with a population decrease of 2% between 2010 and 2018. Housing policy can be considered the „response" to the contradiction caused by the economic development model and welfare regimes. According to the housing survey of 2015, the most intense housing problems in Hungary are concentrated among the lower class representing 19% of the households, but the risk to get a hardship in housing situation is high among the „middle-blue collar" group representing 27% of the households. There is a general trend of an unsecure middle class in Hungary. However, the governments housing policy partly reacts to these problems but support for the middle class is still a partly unsolved issue.

Accessibility, affordability and availability problems

Due to a lack of systematic research regarding accessibility problems for owner-occupied housing it is difficult to assess this problem. Regarding the private rental sector, the Roma community, poor people and households with kids are disadvantaged. In the owner-occupied sector, the accessibility is mainly based on the affordability. Affordability is a more important problem in the private rental sector. As this sector lacks any regulation, landlords are extremely sensitive to the cost and risk factors associated with families with children, Roma families and homeless persons. There is a strong, but not overt discrimination against these groups, who often have only access to the low-quality housing stock, which could not be rented out to other groups. Finally, there is no general availability problem in Hungary.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

There have been two main episodes in the recent Hungarian housing policy. From 2010 to 2015, the main goal was to manage the mortgage crisis and from 2015 on, the main goal was to push the sector back to the homeownership dominated trajectory. Regarding the mortgage crisis, the government introduced measures which disproportionately helped middle-class borrowers putting as much burden as possible on the banking sector, while some measures were also targeted at households in grave hardship. From 2015 on, the government housing policy seems to have returned to the financial support of new construction with a particularly high subsidy for families with children and a temporary tax allowance for new construction (first offered until 2019 and re-introduced again in 2020). The program aiming at general utility cost reduction has been more helpful for middle-class income than for low-income groups. In general, the Hungarian government is the most important actor in housing policy, but other stakeholders include large developers affecting the market with the support of the HNB and individual banks.

3.2 Housing Policy Instruments

Name	Housing Allowance (lakásfenntartási támogatás)
Instrument type	Housing allowance
Tenures	Owner-occupied housing, Rental housing
Description	
Target groups	Low income groups according to the municipal government ordinance
Policy Formulation	
Funding	
Implementation	
Importance	The number of households supported decreased from 400,000 (2014) to 200,000 (2017). Total expenditure decreased from HUF 20 billion (2015) to HUF 9 billion (2017).
Instrument development	The central government support was abolished in 2015, and it became a municipal instrument
Name	Rent allowance
Instrument type	Housing allowance
Tenures	Rental housing
Description	
Target groups	Young, low income groups
Policy Formulation	
Funding	
Implementation	
Importance	Municipal program, typically very small budget.
Instrument development	
Name	Debt reducing assistance
Instrument type	Housing allowance
Tenures	Owner-occupied housing, Rental housing
Description	
Target groups	Low income groups
Policy Formulation	
Funding	
Implementation	
Importance	n. a.
Instrument development	From 2015 this central government support was abolished and became discretion of municipalities
Name	VAT allowance
Instrument type	Subsidy for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	While the general VAT rate is 27%, the builders of family houses are eligible for VAT reimbursement. Applies to new units up to 300 m^2, and the builders of multi-unit apartments up to 150 m^2.
Target groups	Middle class
Policy Formulation	National level
Funding	n. a.
Implementation	Tax office
Importance	Estimated cost of the allowance was HUF 300 billion between 2015-2019
Instrument development	The VAT rebate was introduced by the government in 2016. The measure was temporary, planned to last until 2018, and aimed at boosting housing construction. The discount can be used until 31 December 2023 for properties for which a building permit was granted by 1 November 2018.
Name	National Homeowner's Community Hungary (NOK)
Instrument type	Subsidy for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	The subsidised fund can be used only for new housing, which has a supply side housing effect. In 2016 a law defined the legal framework of National Homeowners Community. By law, a community of at least 120 members must be created and the Hungarian National Bank issues the license and monitors the operation of the management company. Furthermore, members pay their savings in a fund for 10-15 years, which can be either a cash deposit or a unique deposit.
Target groups	Young middle-class families
Policy Formulation	National level (Ministry of Finance)
Funding	National level
Implementation	Hungarian National Bank and the dedicated organiser
Importance	Very little interest in the instrument so far.
Instrument development	Introduction 2016. There is a proposal to turn the instrument into a „rapid scheme“ where members get access to the subsidy in 2 years.

Name	National Asset Management Company (NAMC)
Instrument type	Subsidy for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	This special buy-to-rent scheme was established in 2012 and is managed by the newly established National Asset Management Company, which can buy a limited number of delinquent loans and offer a renting option to the former debtor. The ex-owner becomes a tenant with an indefinite contract that includes an option to buy back the unit for 5 years. The program targeted families in need with children, but later expanded to families in need without children.
Target groups	Households with a default loan. Typically, the most vulnerable include new homeowners.
Policy Formulation	National level
Funding	National level
Implementation	National Asset Management Company (NAMC)
Importance	Around 35,000 households were included in the programme. In 2017 the costs connected to this programme were HUF 33 billion.
Instrument development	Major reforms; in 2019 the government introduced a right to buy option for the tenants.
Name	Contract savings (LTP)
Instrument type	Subsidy for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	The government paid a premium of 30% of the money saved for housing purposes up to HUF 72,000 per year at the eligible financial institutions. The condominiums and housing cooperatives could also participate in the scheme. After four years of saving, the households are eligible for low interest rate loans.
Target groups	Households who have the capacity to save, but certain LTP products target the low-middle income households' investment in rehabilitation (without any savings)
Policy Formulation	National level (Ministry of Finance)
Funding	National level
Implementation	Financial institutions
Importance	According to estimates, around 1.3-1.5 million contracts were owned by 6-7% of the households, 35% of the households had more than one contract. The total budget subsidy increased between 2015 and 2018 from HUF 40 billion to HUF 80 billion.
Instrument development	The government terminated the subsidy related to LTP instrument in 2019.
Name	Family Housing Allowance (CSOK)
Instrument type	Subsidy for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	Family Housing Allowance is basically a demand-side subsidy instrument, but it prefers new construction. Due to the much higher grant for new construction it has a strong supply effect. Married couples with children are eligible for grants toward the purchase of newly built homes and used homes. Families with three or more children are eligible to receive up to HUF 10 million for a newly built home, while smaller families receive less money. Restrictions, which are an assumption to be eligible, are that the applicants are holder of the Hungarian citizenship and permanent registered in Hungary. Furthermore, they must meet certain criteria regarding their status under the social security insurance system and should have no criminal record and a good credit rating. In addition to helping young families buy new homes, the Family Housing Allowance Program has an economic stimulus component as well.
Target groups	Families with children
Policy Formulation	National level (Ministry of Finance and Ministry of Human Resources)
Funding	National level
Implementation	Banks
Importance	Family Housing Allowance was requested by approximately 114,000 households between 2016 and 2019. Its average value is HUF 2.1 to HUF 2.5 million, and the total subsidy disbursed amounted to HUF 218 billion between 2016 and 2018. Some 70% of the subsidy was used for new construction and 30% for existing housing
Instrument development	Several recalibrations.
Name	Village Family Housing Allowance
Instrument type	Subsidy for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	A new version of the CSOK is a „Village CSOK" for families living in villages. Village CSOKs are subject to the general CSOK rules. It is specifically designed for the purchase and renovation, modernisation, and expansion of homes on remote farms, manors, or small settlements, in an effort to incentivise the preservation and modernisation of rural areas. The maximum subsidy amount of HUF 10 million is also available for existing dwellings, as long as the parents have or plan 3 or more children, and also make additions and/or renovations
Target groups	Target is households living in small settlements with a population under 5,000, and a prolonged population decline. Around 2,486 disadvantaged small rural settlements.
Policy Formulation	
Funding	
Implementation	
Importance	n. a.
Instrument development	Introduction 2019

Name	GIS (Interest rate subsidy - general term)
Instrument type	Subsidy for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	Interest subsidy can be used to purchase, build, buy, modernize, and upgrade at least a comfortable, second-hand, but still habitable home in Hungary. Under the grant, the state provides interest subsidy for the payment of interest on the home loan for the first 5 years of the term. The amount of the subsidy depends on the number of children, but within 5 years the support will only be available if the interest rate exceeds 6%.
Target groups	No specific target group
Policy Formulation	National level
Funding	National level
Implementation	Banks
Importance	n. a.
Instrument development	

3.3 Reform trends

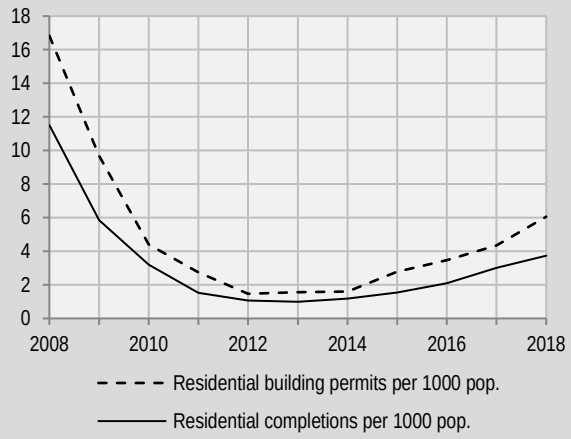
Housing policy in Hungary is characterized by the fact that, on the one hand, various instruments have been transferred to the local level and, on the other, new instruments have been established in the area of subsidies for homeowners and homebuyers. Besides strengthening rural areas, these activities were partly designed as family policy.

Ireland

Population (million, 2018)	4.83	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	13.8	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	5.90	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	26.5	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	69,797	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	16.8	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	70.9	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	57,780	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	59.4	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	21,334	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	37.3	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	21.1	EUROSTAT, series t2020_50

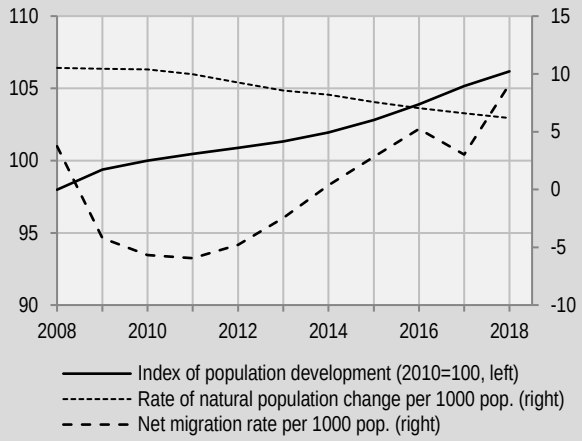
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



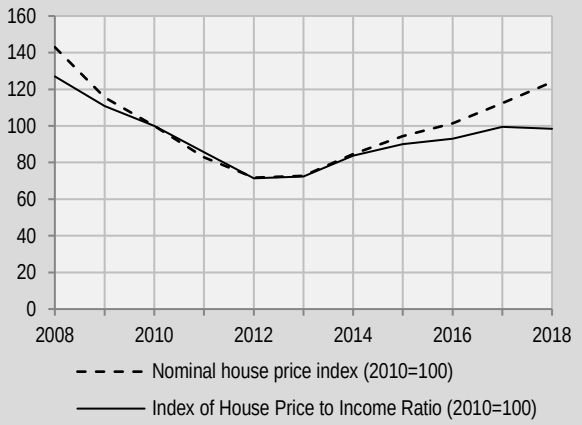
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



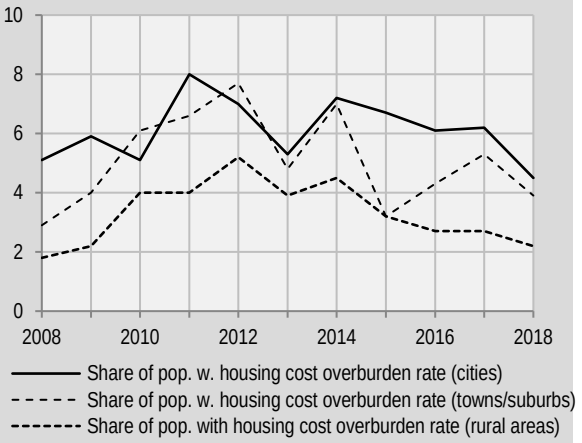
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Michelle Norris has been involved as national expert.

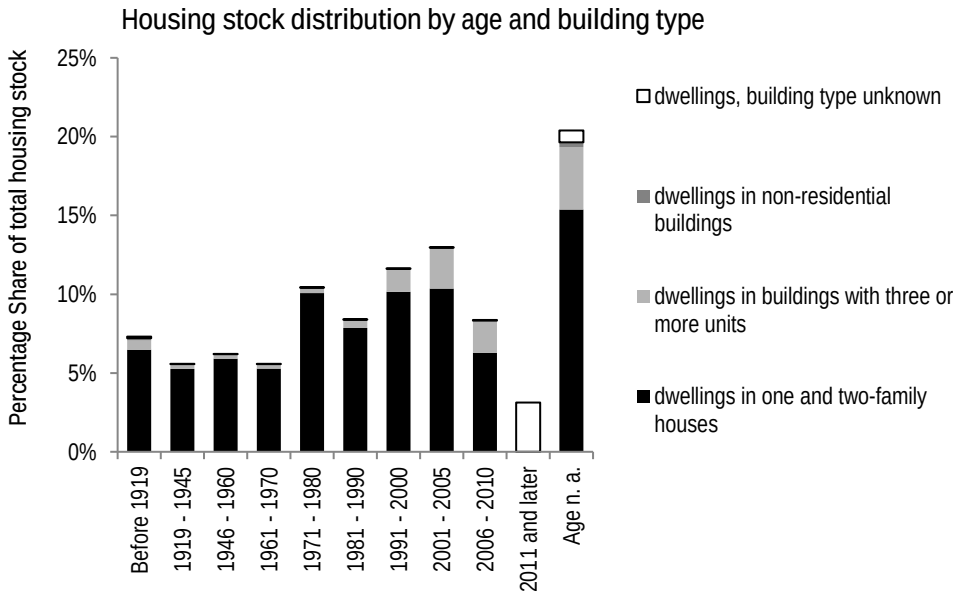
1 Governance structure

In Ireland, several levels of government are involved in housing policy. The responsibilities for the different areas are distributed over the national, the regional and the local level. At national level, the main responsibility lies with the Department of Housing, Planning and Local Government of the Housing Ministry. They are responsible for formulating and monitoring the implementation of housing policy and for the allocation of state funds to promote housing construction. In addition to the Ministry, there is the Housing and Sustainable Communities Agency, which supports in particular the work of social housing providers and non-profit providers (so-called „approved housing bodies“) at local level in the implementation of housing policy. It also conducts research in the field of housing. A second agency involved in housing policy is the Housing Finance Agency (HFA). Its role is to manage the debt and financing of social housing and the financing of mortgages for low-income housing buyers. In addition, the Land Development Agency was established at the end of 2018, which will be responsible for managing state land banks and procuring land for housing. A precise mandate is not yet defined. There is also the Residential Tenancies Board (RTB). All private landlords and approved housing bodies must register their tenancies there (325,000 in 2016). The RTB also has a dispute resolution service and informs tenants and landlords about their rights and obligations. In addition, the agency provides information on the rental sector, such as monitoring rent levels, which can be used to compare regulation by the government but also by individuals. At the regional level, the regions have no role in housing policy per se, but have some minor competencies in the fields of spatial affairs. Ireland has three Regional Assemblies, the North and West Region, the East and Central Region and the South Region. They have limited competence in general and in relation to housing policy. However, they can play a role in the coordination of spatial planning and thus indirectly influence decisions on new housing developments. At the local level in Ireland, the local government system encompasses 31 city councils and county councils. They are responsible for the implementation of national housing policy and provide social housing. By comparison, in 2016 the city and county councils owned 138,462 social housing units and the housing associations only 28,005. Furthermore, the local level has decision-making powers, as they must draw up a „development plan“ for the use of the land in their territory every five years. This includes a calculation of the local housing demand and the proportion of social housing needed. On this basis, municipalities can ask developers provide up to 10% of new private housing developments for social housing. Finally, they can also decide on the level of rents for social housing. They also fund and coordinate services for homeless people, provide grants for the adaption of homes for people with disabilities and provide accommodation for Irish Travellers – an indigenous, nomadic ethic minority group. There have been some shifts on the horizontal dimension in recent years. Until 2014, the Social Protection Ministry was responsible for housing allowances for low-income households, even though the Housing Ministry has always had most of the responsibility for policy formulation in housing policy. However, with the introduction of the new Housing Assistance Payment, responsibility was also transferred to the Housing Ministry. There have been major shifts in policy implementation over the past ten years. For example, the Housing Agency has taken over responsibility from the Ministry of Housing for the payment of subsidies for social housing construction. Instead of the courts, the settlement of disputes between tenants and landlords has been coordinated by the Residential Tenancies Board since 2004. Another new development since 2018 is that the Land Development Agency has taken over the management of public land banks from the Housing Agency and from the local government. There was only one small vertical shift to the top as the Housing Agency took over some local authority land banks in 2010. Later in 2018, it was transferred to the Land Development Agency, which can be characterizes as centralization tendency.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The housing stock in Ireland is relatively young. A large share of dwellings was built in recent decades with only about 15% dating from the 1960s to the 1970s. More than 50% of the stock is from 1990 or newer. Overall, the urbanization is high, but nevertheless Ireland has lower shares of population in multifamily houses (83% single-family houses). Interestingly, single-family houses are not only found in rural areas and indeed constitute most of housing in urban areas (about 85% of the urban population lives in in single family houses. There are three main categories of dwellings that have structural deficits in energy efficiency or building damage and need to be retrofitted. Firstly, older social housing, and especially multi-family houses, have a structural problem with retrofitting, as the financing model only refers to the provision and capital grants for construction and not to grants for ongoing operating costs. In addition, rent levels are based on the income of tenants, which combined results in insufficient income for maintenance and renovation. Secondly, older private dwellings are often poorly insulated and have inefficient heating systems. Third, a small but significant proportion of dwellings from the recent construction boom between 1990 and 2006 are also affected, as structural and geological problems and infringements of building regulations were identified. To address this, the Irish Government is implementing a programme of refurbishment for all types of housing. This includes the rehabilitation of social housing and specific programs for social rented districts of cities (e.g. Dublin, Cork). There are also grants for homeowners and landlords of social housing from the Sustainable Energy Authority of Ireland for energy refurbishment, such as insulation, solar electricity or heat pumps. There is full coverage for housing occupied by people with certain social security payments, including old-age pensions. Finally, there is the so-called Pyrite Remediation Scheme, which provides state funding for housing with problems in the foundations, due to the use of sub-standard building materials, dating from the recent construction boom.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: EUROSTAT, National Statistical Offices, European Mortgage Federation Federation (calculated from cumulative housing completions to 2018)

2.2 Housing tenures

The composition of housing tenures in Ireland is characterized by a rather diversified system with an emphasis on owner-occupation. The highest proportion of dwellings is associated with owner-occupation (70%). Two third of the rental sector is private rental, and one third is a subsidized social housing sector (10%) owned by local government and non-profit organisations. Tenure relations are rather dualist, that is, different tenures serve different and non-overlapping social groups with little inter-tenure competition.

Typical characteristics of tenures in Ireland		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Full ownership is the only form of owner-occupation in Ireland.	majority share (ca. 70% of dwellings)
Flat ownership/condominium	Condominiums are not governed by a separate legal regulation. All flat owners are real estate owners.	
Cooperative owner-occupation	Does not currently exist	
Other		
Rental tenures		
Market rate private/commercial rental tenures	A large proportion of apartments in Ireland are rented out privately at market prices. Since the introduction of the Housing Tenancy Act in 2004, regulatory frameworks have gradually been established for the sector, protecting tenants from disproportionate rent increases as well as terminations and limiting the rights of landlords. In addition, certain standards for rental housing have been established.	medium spare (ca. 20% of dwellings)
Special regulation regimes		
Public rental tenures		
Subsidized below market and/or privileged access rental tenures	Social rental housing is defined as subsidised and below market rate rented housing. Social rental housing is provided by city and county councils which also own the largest share of social housing. Non-profit sector housing associations also own a share of ca. 25%. Eligibility is subject to income limits and access is decided on by city and county councils. Rent levels are tied to the income level of beneficiaries. Special access is granted to Irish Travellers, former homeless or elderly people.	small/medium spare (ca. 10% of dwellings)
Cooperative rental or similar national specific tenures		
Other		
Hybrid forms, e.g. rent-to-buy schemes		
Homelessness, temporary and informal housing		
Homelessness	all the listed forms of homelessness exist in Ireland	estimated at about 7,000 people in 2016
Asylum accommodation		
Informal housing		

Source for relevance: Census 2011, expert estimates (Homelessness)

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

Traditionally Irish post war housing policy gave a high priority to home ownership, providing state subsidies for home buyers. In the 1980s and 1990s, a more tenure neutral housing policy was developed and state subsidies for home buyers were reduced to a minimum. As a result of the collapse of the housing market in 2006, the government began to establish measures to sustain defaulted owner-occupiers. As home ownership declined in 2017 a new state mortgage for homeowners was established to provide long-term interest rates, previously rather uncommon in Ireland. In 2018 a new system was also accounted to provide affordable housing for low-income households. Nevertheless, the decline in home ownership is still observable. This is partly due to regulatory measures in the aftermath of the financial crisis that render access to credits more difficult for low-income people. On the other hand, however, prices have also risen sharply since the end of the crisis and are also hardly affordable for low-income households. It can also be observed that migrants have a much lower home ownership rate and the increased in migration into Ireland in recent decades may also have contributed to reducing home ownership.

Rental tenures

The income of tenants of private dwellings varies greatly from medium to high income, but is on average lower than that of homeowners. In addition, there is the possibility for people with low income to receive housing benefit in order to pay the rent in private apartments. Overall, tenants are younger than the average population, as private rental tenure can be seen as a transitory tenure for starter households mostly. Overall, the size of the rental sector shrank continuously between the 1940s and the 1990s, mainly

due to a lack of funds in the private rental market. In addition, strict controls on private housing rents were introduced during the First World War and only abolished after a Supreme Court ruling in 1982. With the real estate boom of the 1990s, the rental market grew and buying a home became too expensive for many people. In addition, banks introduced so-called „buy to let“ mortgage for private landlords, thus increasing financial resources for investors. Although this form of lending was restricted after the 2006 collapse, equity finance from international institutions led to support for the rental sector. With the recovery of the housing market after the financial crisis, the Irish government has seen both the social and private housing market as its greatest challenge. This can be seen from the recent policy statement of the Department of Housing, the so-called „Rebuilding Ireland“ in 2016, which aims to address the high number of people in temporary shelters, price inflation (rental and purchase market) and the general quality of the rental sector. For this purpose, funds for the provision of social housing or housing benefits have been increased in order to address rising homelessness. A law was also passed to limit rent growth to a maximum of 4% per year. Social rental housing can be divided into two types. The general needs/ standard family housing provided by local government or housing associations and the special needs housing for people who also need further support (e.g. homeless, elderly or disabled people) and are mostly provided by housing associations. Tenants who live in social housing usually have a below average income and a significant proportion draw social security benefits. Tenants of social rental housing are, on average, significantly younger than those of private rental housing. The share of households living in social housing increased until the 1960s, shrank until the 2000s and has been stagnating since then. The production of social housing, on the other hand, has not varied since the 1950s, but the share has decreased in relation to private housing. Moreover, until the 1980s many social housing units were sold to tenants by municipalities.

Homelessness, informal and temporary housing

In recent years, homelessness in Ireland has received particular attention in the media and also in politics. With the recovery of the Irish economy after 2012, not only housing prices but also homelessness has almost doubled between 2011 and 2016, due to the steady growth of the population in urban areas and the lack of housing. Combating homelessness is one of the main objectives of the Irish government, as can be seen in the Housing Ministry's „Rebuilding Ireland“-policy statement on housing and homelessness. This covers education and access to shelter, the development of social housing, the extension of the „housing first“ approach to reducing homelessness and the provision of more emergency shelters. In addition, additional health and mental health care (including addiction care) services will be provided for those living in accommodation for homeless people. Finally, the programme also aims at prevention to help tenants and homeowners to stay in their homes.

Providers of Housing Services

Social housing is largely owned by city and county councils, which owned about 140,000 dwellings in 2016. Housing associations have a smaller share with about 28,000 social housing units in 2016. A large proportion of dwellings in the private rental market are owned by individual private landlords who own just a single dwelling. Companies and for-profit organizations have traditionally played a rather minor role in Ireland, but their importance has been growing in recent years. There are suggestions that this was caused by the 2006 housing crisis, as large international investors and rental housing companies invested in the apartments during the recession. In addition, a law which made it possible to establish Real Estate Investment Trusts (REITS) was introduced in 2013. Today 12.6% of the private rental housing market is owned by individuals with more than 20 apartments.

2.4 Housing Issues

General challenges

One important drivers of the growing demand for housing in Ireland in recent decades has been migration. Ireland is a special case within Europe as until the 1990s, it was characterised by heavy out-migration. Between 1860 and the foundation of the independent Irish state (i.e. today's Republic of Ireland) in 1922, the country lost almost half of its population. After that, the rate of emigration fell, but the turnaround only came in the 1990s and in 1996 the first positive net migration was measured. In the beginning, the majority of immigrants were returnees and it was only from 2000 onwards that the number of asylum

seekers, particularly from Nigeria and Romania, began to grow. From 2004 onwards, the EU enlargement added citizens from the new member states as they were able to enter the Irish labour market without restrictions. After the financial crisis, the proportion of immigrants from outside of the EU increased again. Between 2002 and 2016, Ireland saw an increase from 5.9% to 11.4% in the share of foreign citizens. The total population grew from 3.833 million in 2001 to 4.726 million in 2016. However, this enormous growth is not evenly distributed geographically and is mainly concentrated in Dublin and the surrounding areas and in the Midlands region. The enormous housing price increases in these regions can be explained by the lack of housing units and the growing population. The Irish population is ageing (by 1.3 years on average between 2011 and 2016), although it is still relatively young by European standards. Also, even though the birth rate fell from 15 per 1,000 inhabitants in 2001 to 13.5 in 2016, it is still relatively high compared to other Western European countries. There was a slight increase in average household size from 2.73 (2011) to 2.75 (2016), but there was also a very high starting point of 3.34 in 1991. The main driving force in Irish housing policy is the requirements set out in the Irish government's National Energy Efficiency Action Plan 3, which calls for energy savings of 20% by 2020, of which 32% will be achieved by residential buildings.

Accessibility, affordability and availability problems

There is no exact data on the access to owner-occupied housing. However, the quarterly Household Survey from 2014 shows that 4.2% of the population in Ireland have experienced discrimination in access to housing. The survey shows that women (4.6%) are more often affected than men (3.2%). Disabled persons (7.4%) also report being discriminated more often than non-disabled (3.5%). In addition, Asians (5.8%) and, even more frequently, blacks (17.1%) report being discriminated more often than white-Irish (3.5%) or white non-Irish persons (3.7%). Affordability of housing is a major problem in Ireland, especially for young people in Dublin or other cities. Since the late 1990s, there has been a dramatic increase in the ratio of house prices to incomes, peaking at 4.8 times average incomes. This means that home ownership became unaffordable for many households. Although prices have fallen with the housing bust, they have been rising again after 2012 while the average income of young people was falling. House prices were 2.8 times the average wage, but for young people the ratio was 3.5 times. In addition, the Central Bank of Ireland has recently introduced a requirement to make a down payment of 20% of the property value in order to secure a mortgage and the simultaneously high rents means that young people cannot afford to buy a house. Another consequence of the crisis has been a decline in housing construction to a low of 7,472 units in 2012. Production has risen again to 88,211 units in 2016, but the population growth is higher and the lack of private housing, including owner-occupied housing, is increasing. There are also major affordability problems in the Irish private rental sector. This is illustrated by the dramatic 33.5% price increase from 2009 to 2019. Although the government has introduced a 4% cap on annual rent increases, this does not apply to new tenants. There are ways for landlords to circumvent these rules, for instance by vacating their apartments to avoid the restriction. Low-income households have particular difficulties in finding a tenancy with their housing benefit payments on the private rental market. Families in the private rental market are therefore more often affected by homelessness, which is why the government has introduced 'top up' housing allowance payments as a preventive measure. Although the supply of private rental space has increased, the shortage is still particularly acute in the larger cities. There is no direct problem of affordability for social housing, as it involves an income-based rent (about 15% of income). However, between 2008 and 2014, capital financing for the construction or purchase of social housing decreased by 88%. Although it has increased again, there is a growing shortage of social housing, especially in Dublin and other urban areas. The availability of emergency shelter has increased in recent years and there is no official shortage so far.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

Since the Housing Policy Declaration of 1990, the Irish government has generally aimed at ensuring that as many people as possible have affordable and high-quality housing (especially energy efficiency) in a place of their choice. This represents a shift away from the previous Irish housing policy, in which the

government aimed at enabling homeownership for everyone. Since then, there has been no change in the guideline, but there have been changes in the specific objectives. The last time the Department of Housing policy published the policy statement „Rebuilding Ireland“ was in 2016. In this statement, the government aims at addressing the growing burden placed on households from rent and purchase price inflation and rising homelessness by proposing measures to improve the affordability and availability of housing. It also aims at improving the safety and quality of the rental sector for tenants and their contribution to the national economy. Finally, the sustainability of the housing sector and its adaptation to combat climate change are also mentioned. In 2018, the Land Development Agency was established, which can bring potential in housing policy, as it manages the supply of land in relation to house price cycles and acts as a kind of interface between the housing market and the wider economy.

3.2 Housing Policy Instruments

Name	Government funded income related housing allowances for private renting tenants
Instrument type	Housing Allowance
Tenures	Rental housing
Description	Housing Allowance is only for low-income households that live in private rented accommodation. There are different support schemes with different eligibility criteria, which can also vary by region. A main scheme (rent allowance) is only available to people who receive social security payments to enable reintegration into the labour market. Another main scheme (Housing Assistance Payment) is open for households which long-term housing needs and which qualify for social housing with its specific income limits.
Target groups	Low-income groups living in private rented accommodation
Policy Formulation	National level
Funding	National level
Implementation	National level
Importance	Applies to the 18.8% of households which live in private rented accommodation in 2016. One third of these were in receipt of housing allowances.
Instrument development	The Housing Assistance Payment was introduction in 2014 and piloted in several local authority areas. It became nationwide in 2017.
Name	Taxation of housing
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupation; Rental housing
Description	The taxation of housing is based on four elements. The first is VAT on building materials and on new dwellings (13.5% of the purchase price), which is not levied on rent. Second, owner-occupiers benefit from the exemption of capital gains tax, which is payable by all other owners. Thirdly, there is a property tax on housing from all forms of owners (an average of 1% of the value per year) and fourthly, a stamp duty is payable on purchase. In addition, since 2014 there is a law that provides tax relief for Real Estate Investment Trusts to improve incentives for the availability of housing.
Target groups	Builders and owners of dwellings (landlords and homeowners)
Policy Formulation	National level
Funding	n. a.
Implementation	National level
Importance	n. a.
Instrument development	The taxation of housing has been reformed very substantially since 2009. The most important changes were the reintroduction of taxes on residential property in 2013 (abolished in 1978), the significant reduction of stamp duty rates on the purchase of apartments in 2010 and the mortgage interest tax relief for homeowners, which was abolished in the early 2000s. The latter was then reintroduced for buyers who bought between 2004 and 2012, but this is terminated in 2020.

Name	Government regulation of commercial mortgage lending
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupation; Rental housing
Description	Since 2015, a government regulation for mortgage loans has been in place to strengthen the resilience of borrowers and the banking sector. Credit levels are limited through the use of loan-to-value (LTV) and loan-to-income (LTI) limits. The LTV limits are based on certain categories of buyers. Buyers who buy a home for the first time have to pay a deposit of at least 10% and 20% for subsequent purchases. Buyers who rent out the property afterwards must even show a 30% own contribution. The LTI limit restricts the amount of money that can be borrowed in relation to the household income (3.5 times gross income). Banks can make small exceptions to the LTV and LTI limits based on the value of the mortgage.
Target groups	New mortgage borrowers
Policy Formulation	National level (Central Bank of Ireland)
Funding	Banks and other commercial mortgage lenders
Implementation	Banks and other commercial mortgage lenders
Importance	Very significant regulation for households.
Instrument development	This regulation was introduced in 2015 and recalibrated in 2016 to remove different loan to value rules for properties below a specific value.
Name	Supports for low income homebuyers
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupation
Description	Two support schemes exist: 1) local authority variable rate mortgages for first-time income buyers who have been denied a mortgage; 2) local authority long term fixed rate mortgages, which are fixed for 20 till 30 years.
Target groups	First time homebuyers with incomes below a regionally defined level
Policy Formulation	National level
Funding	National level (Housing Finance Agency)
Implementation	Local level
Importance	Accounts for 2% of mortgages currently
Instrument development	From 2017, local authorities began to offer long term fixed rate mortgages and thereby complement variable rate, which were offered since 1989. Other support programmes have been abolished in 2010, including the sale of dwellings at cost price (the Affordable Housing Programme) and the Co-ownership Programme, which allowed qualified buyers to buy part of the equity in an apartment and purchase the rest as they could afford it. The government has recently announced that these programmes will be reintroduced in the near future.
Name	Government subsidies for the provision of social rented housing
Instrument type	Subsidised housing
Tenures	Rental housing
Description	Social rental housing can be divided into two types: The general needs / standard family housing provided by local authorities or housing associations and the special needs housing for people who need further support (e.g. homeless, elderly or disabled people) provided mostly by housing associations. For the first type, financing depends on the recipient of the funding. If the local authorities are the funding recipients, at least 70% of the costs are covered by central funding, with the remainder being paid by the municipalities. For housing associations, a combination of interest-free and low-interest loans is granted. The financing of the second type (special needs) is almost entirely realised through central government grants. The revenue costs of managing and maintaining the dwellings are covered by tenants' rents which are income related. Some programmes also include a housing allowance paid by central government.
Target groups	Households with incomes below a specified level (which varies regionally) and people who need additional supports such as homeless, elderly or disabled people.
Policy Formulation	National level
Funding	National level (in cooperation with two housing ministry agencies – the Housing Finance Agency and the Housing Agency)
Implementation	Local level (in cooperation with housing associations)
Importance	9% of the population are social housing tenants. 0.5% of GDP and 2% of Government expenditure on housing approximately half of this is on local authority and housing association provided social housing. Financing was significantly reduced between 2008 and 2012 and, even though it increased again, it has not returned to the level it was at before 2008.
Instrument development	The conditions for funding housing associations providing social housing were significantly reformed in 2010. The non-repayable loans of the central government were replaced by repayable loans.

Name	Rent Regulation
Instrument type	Rent regulation
Tenures	Rental housing
Description	Tenants have rent security for up to six years after the first 6 months. In defined Rent Pressure Zones a limit of rent increase to 4% per annum is regulated. However, landlords still have the possibility to terminate the lease, e.g. sale of the apartment, major renovations or if the landlord register his own use (including the use of a relative). All tenancies must be registered with the Residential Tenancies Board (RTB). They provide dispute resolution and advice to tenants, landlords and the general public on their rights and obligations. They also collect data on the rental sector, such as the rent index or monitoring of rent levels, so that the state and individuals can compare rents.
Target groups	Households living in private rented accommodation
Policy Formulation	National level
Funding	n. a.
Implementation	National level (Residential Tenancies Board – an agency of the housing ministry)
Importance	18.8% of households in 2016
Instrument development	In 2016 the rent security was extended from 4 to 6 years and the Rent Pressure Zones were introduced.
Name	Land use planning for housing development
Instrument type	Planning instrument
Tenures	Owner-occupation, Rental housing
Description	The planning system in Ireland is organized by system of development planning. All local authorities have to draw up development plans every five year with plans for all constructions. Future housing needs including needs for social housing have to be reflected in those plans. Compliance with the development plan is ensured by planning permissions.
Target groups	All new housing developments in all housing tenures.
Policy Formulation	National level
Funding	n. a.
Implementation	Local level
Importance	Land use planning is very significant for the construction industry and also for aspirant home buyers
Instrument development	In 2015 the regulations were modified with regard to affordable housing. Since then, only 10% of new housing can be claimed by the local authorities. But there is no financial compensation from the builders to circumvent the requirement.

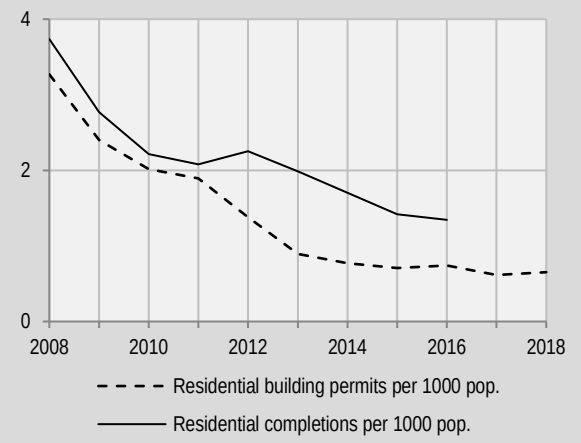
3.3 Reform trends

Housing policy instruments have been recalibrated through various reforms in recent years. The establishment of a new Housing Allowance, which is also paid without unemployment, and a new rent control system have highlighted activities that respond to new affordability problems. At the same time, the high level of expenditure on social housing has been reduced and financing conditions modified. As a result, a change from object-oriented to subject-oriented support measures is becoming apparent. The subsidies for homeowners and homebuyers have also been consolidated or terminated, but due to the problems for first time buyers the future of this development is rather unclear. At the same time, new guidelines for distressed housing loans have been introduced with the aim of providing greater security. In this sense, loans granted by local authorities are also offered as long term fixed rate mortgages.

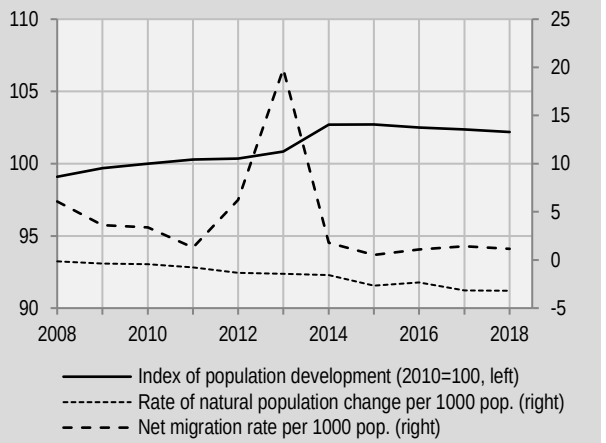
Italy

Population	60.48	mil.	Share of population aged 65 and over	23	%
2050 population forecast	55.86	mil.	Estimated average age of household formation	30	years
Total land cover (2015)	301,291	sq km	Share of foreign born population	10	%
Population density	203	persons per sq km	Real GDP per capita	26,740	Euro
Share of pop. in cities, towns and suburban areas	76	%	Gross disposable income of households per capita	22,421	Euro (PPP-adjusted)
Median population age	46	years	Share of pop. with an equivalised disposable income below 60% of the national median	20	%

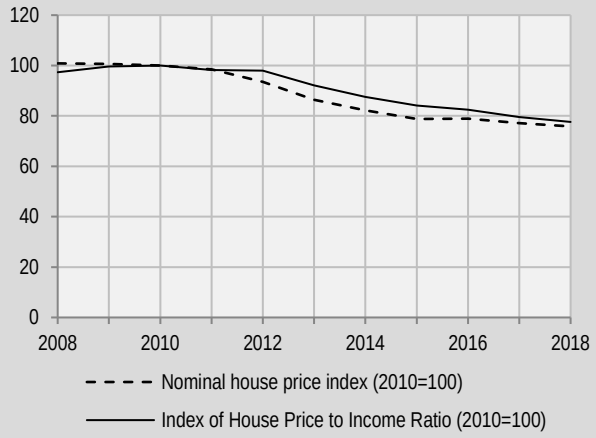
Source: EUROSTAT. Year of reference: 2018 (if not stated)



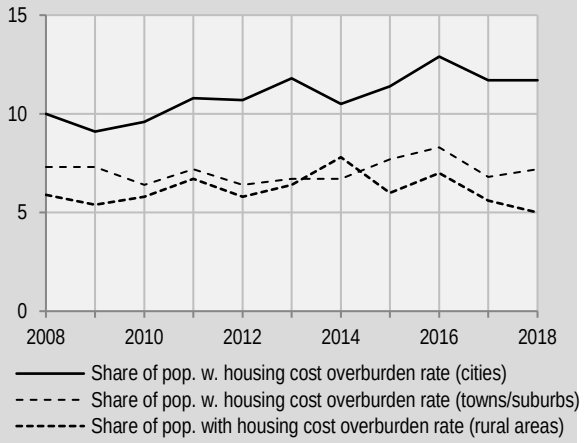
Source: European Mortgage Foundation, EUROSTAT, own calculations



Source: EUROSTAT, own calculations



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Elena Bargelli and Igor Costarelli have been involved as national experts.

1 Governance structure

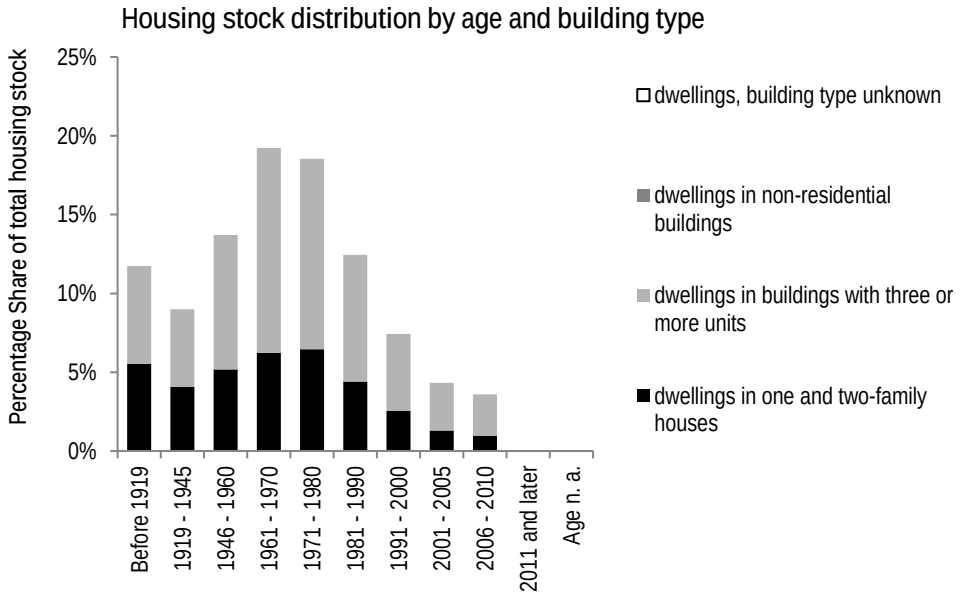
In Italy, several levels of government are involved in housing policy. The responsibilities for the different areas are distributed over the national, regional and municipal level. The national bodies that are in charge of housing policy are the Ministry of Infrastructure and Transport, the Ministry of Labour and Social Politics and the Ministry of Economics and Finance. Subordinated to the Ministries there are the General Directorate for national buildings and the General Directorate for the Housing Condition involved in housing policy. To determine the minimum level of offer regarding quantity and standard of quality for dwellings for the weaker part of the population the State has exclusive responsibilities. The State has in cooperation with the regions the responsibility for 'government of the territory', that means that it provides national terms of reference regarding the offer of social housing for residential function. Another duty of the State is to coordinate the regions for programs of national interest and divide out national funds regarding housing policies between them. The Ministry of Infrastructure specifically deals with housing and residential polices, while the Ministry of Labour deals with welfare policies in general that imply provisions regarding housing conditions. Italy consists of 19 regions and two self-governing Provinces. Partially regions have responsibilities regarding housing policy. In some cases, they operate through specific general directorates regarding welfare and housing policies. Regional decisions can concern the important aspect of management of public and social dwellings regarding specifically the access criteria and the amount of rent of social dwellings. It can be concluded that currently the public services regarding the right to housing are depending nearly complete on regional rules. In Italy, there are nearly 8,000 municipalities that operate through *assessorati*, which are responsible for housing policies. The municipalities are the main owner of public dwellings, which are provided for social housing purposes. Furthermore, they set the legal framework regarding management of and access to social housing dwellings and are providers of solutions for local housing problems like temporary accommodation. Other responsibilities are deciding the localization on their territory of urban interventions decided at the upper levels of government and providing policies to help people paying their rent or negotiate reduced rent arrangements. The responsibilities regarding housing policy shifted horizontally once as the new housing plan was introduced in 2008 which created an integrated system of funds combining public and private funds at both national and local levels to develop new social housing supply. The responsibility for housing policy in Italy has not shifted vertically the last years. Italy went through a long-term process of devolution and decentralization. The housing policy has been formally transferred from central State to the regions in 2001 and each region developed their own agenda by adapting it to local circumstances. The realization of housing policy agenda became a difficult task due to financial issues. The transfer of competences from central to local level did not come along with a transfer of financial resources for housing policy.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The Italian housing stock is affected by the lower production of housing during World War I and World War II and a booming of construction the years after World War II until the 1980s. Dwellings from the 1960s and 1970s together represent nearly 40% of the dwelling stock. Houses which are built after 1990 represent only 15% of the total housing stock (data for recent years after 2011 was not accounted for). 37% of the dwelling stock is in single family houses. During the pre-war period, the housing construction in Italy was primarily dominated by one- and three-dwellings residential building and in the post war period, the common type of construction was buildings comprised of three units. The divide between rural

and urban areas has also characterized the development of housing construction in Italy. Around the 14 metropolitan cities, a large sub-urbanization process took place, while usually rural areas have not been affected by similar massive construction process. Some coastal areas, as well as cities in the mountains, have been affected by similar processes of housing construction, which often did not comply with existing planning regulations. Today, about 24% of the urban population is living in single-family houses, while in rural areas on average more than 70% of the population lives in single-family houses. Concerning shortcomings, there are issues regarding social housing sector, the buildings constructed before 1945, energy efficiency and seismic risks. According to the report „Italia casa sicura" of 2016, about 13% of all Italian households live in dwellings with shortcomings regarding the condition of roofs, walls, floors, or windows. Furthermore, about 25% of the buildings built before 1945, 15% of the buildings built between 1945 and 1980 and 4.5% of the buildings built after the 1980s are in a dilapidated condition. Due to several natural disasters and earthquakes in the past ten years, the responsible authorities pay more attention to monitor the state of maintenance of private and public buildings, dwellings, and other infrastructure. Since 1986 a fiscal deduction for buildings restoration is provided. These deductions are provided for nearly every kind of restoration like measures against household accidents or noise. Especially high concessions are provided for anti-seismic and energy saving measures.



Source: EUROSTAT Census Hub (to 2011); 2012 and later: no data available

2.2 Housing tenures

The composition of housing tenures in Italy shows characteristics of a rather concentrated tenure system with a proportion of about 72% of the dwellings being associated with owner-occupation, most of it as full ownership, and the corresponding share with rental tenures. About one sixth of the housing tenures are associated with market rate rent setting. The subsidized rental sector is relatively marginal with an estimated proportion of less than 5% of all dwellings. Social groups in the relevant tenures differ widely and tenure competition is rather low. Hence, the relationship between tenures can be described as rather dualist.

Typical characteristics of tenures in Italy		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Full ownership is the dominant form of housing tenure in Italy. The legal framework regarding ownership is set by the Civil Code (Articles 832 et seq.). The owner has the right to fully and exclusively use and exploit the property and to pass it to another entity, as a whole or in parts within the legal limits.	very large share (ca. 72%, no separate data for condominium ownership available)

Flat ownership/condominium	According to Italian law, the owner of one individual flat in a condominium has the right to use of the floor of the individual dwelling, combined with the co-ownership of the common parts of the building (e.g., entrance, stairs, roof). Special provisions for this co-ownership are indicated in the Civil Code (Articles 1117-1139 Civ. Cod.), as an exception to the general rules on co-ownership (Articles 1100 et seq. Civ. Cod.).	
Cooperative owner-occupation	Cooperative ownership of housing with individual owner-like property rights in Italy consists of cooperatives building dwellings that are sold to associates. Dwellings are built by cooperative building associations at affordable prices on a non-for-profit base for associates. The associates personally contribute to costs and enjoy tax privileges by the State.	Until the economic crisis, ca. 8,000 dwellings for sale per year, currently reduced to around 3,000.
Other	Usufruct, the right of housing and commodatum or free loans for use exist in the Italian legal system established by the Civil Code but are far less used for housing. - Usufruct tenancy is a contract that provides for a period, up to lifetime, a real right for the tenant and gives the person very extensive powers. The formal owner just keeps a limited kind of ownership. - The right of housing is a real right and provides a person a limited possibility of living in a dwelling with their family. The person authorized cannot indirectly exploit the dwelling or transfer this right to another person. - A commodatum or free loan for use is a contract at no charge that allows a person the right to use a dwelling for a certain purpose at an agreed time and return it to the owner afterwards.	Small share (ca. 10%, including unspecified other forms of use)
Rental tenures		
Market rate private/commercial rental tenures	Private letting represents the second most widespread form of tenure after ownership and is regulation in the 1942 Civil Code (Articles 1571-1614), currently specified in Law no. 431/1998 and in Law no. 392/1978. Rent levels and other clauses can be freely negotiated by the parties, except in the case of mandatory rules (e.g. the duration is necessarily 4 years + 4 years).	medium share (ca. 15% of dwellings)
Special regulation regimes	Assisted tenancies (locazioni a canone concordato) regulated by Law no. 431/1998) are a voluntary alternative to free-market rents in the private rental sector. Rent levels are fixed in accordance with legal parameters in return for fiscal concessions and a shorter minimum duration of the contract for the landlord. Despite these advantages, the gap between market rent and legal rent has limited the application of this tenure.	Ca. 20% of market rate tenures (see row above)
Public rental tenures	see below in subsided rental tenure	
Subsidized below market and/or privileged access rental tenures	Public housing (edilizia residenziale pubblica) is assigned by eligibility criteria set by law. Social rent levels are below market rate. Dwellings are generally owned by municipalities or other public entities and managed by specific public agencies (usually called 'ex-IACP') and finance by public means. Regulations, e.g. those concerning allocation, rent level and termination rules, are issued on the regional level, and further specified at a local level, following national general principles. Public social housing targets the weakest part of the population. A second form of subsidized rental housing is the so called social housing (edilizia residenziale sociale) model that promotes buy to let (or to sale) investments with the involvement of private investors at affordable conditions to households in need. This was introduced in 2008 (Art. 11 Decree Law no. 112/2008, converted into Law no. 133/2008). A similar program was adopted in 2014 (Art. 10 Decree Law no. 47/2014, converted into Law no. 80/2014). All have in common the idea of public-private partnerships between public authorities and private investors. Rental offers are with a minimum duration of 8 years with the possibility to buy, in order to promote both tenancy and home ownership, depending on the rules adopted each time. Rents a tied to rent levels of 'assisted tenancies'. Target groups are households above the income limits of public housing but who cannot afford market rent prices or home-ownership.	small share (ca. 4% of dwellings)

Cooperative rental or similar national specific tenures	Cooperatives (then called cooperative a proprietà indivisa, see also above in cooperative owner-occupation) may keep dwellings built and let it to associates at a current average rental cost of between 50 and 60 euros/m² per year.	Ca. 50,000 dwellings
Other		
Hybrid forms, e.g. rent-to-buy schemes	housing leasing, commodatum (see above)	n. a.
Homelessness, temporary and informal housing		
Homelessness	The definition of homeless people used by the official Italian National Institute of Statistics includes people living rough, people in emergency accommodation, people in accommodation for the homeless, homeless hostels, temporary accommodation, transitional supported accommodation, and people in women's shelter accommodation.	Estimated at about 50,000 people in total in 2014
Asylum accommodation	Different forms of accommodation: - Centri di Accoglienza per Richiedenti Asilo (CARA) - Sistema di Protezione per Richiedenti Asilo e Rifugiati (SPRAR) - Centri di accoglienza (CAS) The accommodation system for refugees and asylum seekers in Italy has been reformed in 2018.	CARA and other first accommodation solutions: 9,443 individuals SPRAR: 25, 657 individuals CAS: 138,503 individuals
Informal housing	Informal housing mainly concerns peripheral rural areas. The so called 'rural ghettos' in the Southern Regions are inhabited by mainly undocumented migrants working in the agricultural sector under bad housing conditions. Urban informal settlements are mainly constituted by settlements of Roma population and sometimes refugees.	Estimated between 2,000 and 5,000 migrants in each rural ghetto. Roma people living in informal camps estimated at around 40,000

Source or relevance data: Housing Europe, The State of Housing in the EU 2019 (2017 data), Banca d'Italia, I bilanci delle famiglie italiane nell'anno 2016, ISTAT (2015): Report Persone senza dimora. Anno 2014, and expert estimates (Homelessness, informal housing)

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

The most common tenure in Italy is homeownership and the social composition of the population that own their dwelling is diverse. Even in lower-income groups, still more than half live in this housing sector. Particularly elderly households live in ownership related tenures. The large share population which are homeowners leads to a lot of attention for this sector, even there is no explicit housing policy agenda. A stream of general guidelines provided at national level which are implemented at lower scales of governance like regions or municipalities results in a sum of local-based practices. Established policies, which go back until the 1950s, aimed at fostering households to become homeowners through benefits on taxation or access to credit. While in 1961 the share of homeowners was about 45% and that of rental households was around 54%, the trend has reversed in the following decades. The 2007 crisis led to a cooling down on the housing market. The impact of the crisis on the housing market was mainly due to reliance on bank loans for purchases. It is estimated that properties lost about 30% of their value since the beginning of the economic crisis in 2007. Rural areas have suffered much more during the crises than city centres. An investment in housing is no longer being seen as a secure savings instrument for families because there is no prospect of a continuous increase in value. The structure of the owner-occupied sector has been stable over the last ten years, but there has been an increasing share of immigrants accessing homeownership. The attractiveness of home ownership is also affected by financial policies on housing. Theoretically, higher taxes encourage owners to sell and the number of houses on offer is certainly high Italy, but this taxation limits the demand.

Rental tenures

The private rental sector is mainly targeted to low-income groups. The rental housing market is typically associated with single parents, single young people, and young couples. For example, one third of single households under 34 years of age live in the rental market. Since the liberalization of the tenancy market in 1998 the regulation of residential tenancy contracts has not changed significantly, despite changes have taken place in the housing market. In the last decade, the rental sector has been affected by increasing affordability problems (c.f. to section 3.2 for subsidy instruments). Housing Sociale, a privately driven offer of social housing, was created through the 2008 Housing Plan and is targeting households that are

considered not eligible for public housing, but still cannot afford rent or ownership in the private market. The new initiatives are only implemented in the northern regions like Lombardy and Piedmont. The public rental sector accommodates the poorest households in Italy. Households who comply with specific requirements and needs like belonging to the category of single parents with children, evicted people, or households where one or more members are disabled people are favoured. Given the small size of the public rental sector, demand exceeds supply by far. According to Housing Europe (2019), about 650,000 applications for public housing are on municipalities' waiting lists.

Homelessness, informal and temporary housing

In Italy 2014, 86% of the homeless population surveyed was male. 58% of homeless were foreign population. Up to one quarter are chronically homeless, which means they are living on the street for more than four years. More than half of the homeless population lives in the northern part of Italy and they are mainly concentrated in the big cities like Milan. The problematics affecting social groups such as the homeless people are not explicitly framed as a housing policy issue. It is rather framed as a national emergency issue. Policies just aim at the protection of the population against such stigmatized groups like homeless people, the Roma population or refugees who are blamed of downgrade neighbourhoods, services, and public spaces. A sign of political attention towards the need of more social inclusion for these groups is provided by the guidelines for tackling homelessness published in November 2015 by the Ministry of Labour and Social Policy. This document establishes principles and means of protecting the rights of homeless people or asylum seekers. The number of homeless people is still increasing such as the increase of traditional users of emergency accommodation.

Providers of Housing Services

The private rental market in Italy is fragmented into small- or medium-sized private owners. According to data from 2008, about 70% of rented houses in Italy are owned privately, 22% by public entities and about 8% by corporations. Due to limited profitability, corporations in Italy have a limited interest in the rental market, particularly in residential dwellings. In the public rental sector, providers are public housing companies, which are organised at regional and provincial levels. The new Housing Sociale sector is provided by public-private partnerships between bank foundations, Private Social Housing Real Estate funds, City Council, and other public authorities.

2.4 Housing Issues

General challenges

Foreign Immigration is a relatively new phenomenon in Italy. The first massive flow of immigration to Italy from Albania in the 1990s increased the total number of immigrants from around 350,000 to over 1,330,000. Nearly 6,000,000 immigrants from different countries are estimated to live in Italy in 2016. AS a result of the 2001 constitution, providing housing for immigrants has become a local responsibility of the Italian regions. Structural shortages and legal restrictions related to public social housing are limiting the housing integration of immigrants with low incomes. Access to homeownership is almost impossible for financial reasons while migrants tend to satisfy the housing need in the private rental market, where they are often experiencing mistrust and resistance by landlords and estate agencies. This leads to inadequate housing situations in this group like overcrowding, poor housing quality or squatting. Internal migration flows from the southern to the northern regions and from rural to urban areas as well as energy efficiency requirements are also creating housing issues. In terms of demographic changes, the ageing population and shrinking households are of the most concern.

Accessibility, affordability and availability problems

The main issue regarding accessibility relates to first-time buyers which are facing legal and financial problems as the growing number of low-paid, unstable job contracts in many sectors of the labour market in Italy forces individuals to use the private rental market. Problems of housing affordability among homeowners are mainly related to the monthly payment of bank mortgage loans that households. Access to private rental sectors is not particularly problematic for most parts of the population. Access problems remain for all low-income groups and households with unstable incomes due to tense situation on the labour market and private landlords, which are becoming increasingly selective regarding financial means

of tenants. The situation of the public rental market is strained given low availability of units. At the same time, the number of households living in a state of poverty is increasing making more households eligible for public housing. However, there is a lack of available public housing dwellings, making this sector unable to cover the needs of an increasing share of the population. One of the fatal consequences related to decreasing housing affordability is eviction due to rent arrears.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

Italy's housing policy in past and present rests on a leading paradigm of „homeownership-society". Access to ownership for a large share of population has been an important political goal of Italian governments since World War II. This paradigm has strong cultural roots in Italian society and continues to be the leading paradigm in the new millennium, despite attempts to establish a more meaningful rental market through new social housing offers and a revision of rental law in 1998. Despite these attempts to establish rental housing next to ownership, there is an obvious orientation of housing policies towards fulfilling the private interest. Connected to the „homeownership society" paradigm, there is a comparatively high share of Italian households that buy second homes as investments or for touristic use. At the national level, the government has a big influence regarding the general orientation through establishing guiding principles in housing policies. Due to a decentralized governance system in terms of housing policies, at the local level, regional governments implement those general principles. Reforms have occurred over the last ten years, which focused on the promotion of a new social rented system through public-private partnerships.

3.2 Housing Policy Instruments

Name	National fund aimed at reducing the burden of housing cost for low-income households in the private rental market *(Fondo nazionale per il sostegno all'accesso alle abitazioni in locazione)*
Instrument type	Housing Allowance
Tenures	Rental housing
Description	National fund targeting to reduce the burden of housing cost for low-income households in the private rental market.
Target groups	Low income households in the private rental market
Policy Formulation	n. a.
Funding	n. a.
Implementation	n. a.
Importance	1998-2001: 1,800 billion (Lire), gradually decreasing till financing was ceased in the period 2012-2013. 2014-2015: reactivated with a funding of € 10 million. 2019-2020: funded for € 10 million (per year)
Instrument development	Discontinuous funding
Name	National fund for tenants with rent arrears due to unexpected circumstances *(Fondo Morosità Incolpevole)*
Instrument type	Housing Allowance
Tenures	Rental housing
Description	National fund for tenants in need, mainly in municipalities with high pressure in the housing market, with rent shortfall due to unexpected circumstances.
Target groups	tenants who are not in the condition to continue paying rents on regular basis due to circumstances out of their control (e.g. life events, job loss, injury etc.) and other kinds of vulnerabilities
Policy Formulation	n. a.
Funding	n. a.
Implementation	n. a.
Importance	2014-2015: € 20 million (each year). 2017: € 36 million. 2018: € 45 million. 2019: € 46 million.
Instrument development	no changes

Name	Fund that supports households to access bank loans for buying their first home *(Fondo garanzia per i mutui per la prima casa)*
Instrument type	Instrument for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	Fund that supports households in form of guarantees to access bank loans for buying their first home
Target groups	First time homebuyers, specifically targeting: young households (under 35 years old); single-parent households with minor child or children; young buyers under 35 years old with unstable job contract, public housing tenants
Policy Formulation	n. a.
Funding	n. a.
Implementation	n. a.
Importance	100,000 loans were guaranteed (2018). 2014-2019: € 650 million generated guarantees of about € 20 billion (estimated). 2019: the fund received further financing which amounted € 100 million.
Instrument development	
Name	Fund that allows a temporary suspension from mortgage payment on first home *(Fondo di solidarietà per i mutui per l'acquisto della prima casa)*
Instrument type	Instrument for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	Fund that provides loans for a temporary suspension from mortgage payment on first home.
Target groups	Low-income households with outstanding mortgage on their first home (since at least one year) who are standing in temporary financial constrains (mainly due to job loss, illness etc.)
Policy Formulation	n. a.
Funding	n. a.
Implementation	n. a.
Importance	n. a.
Instrument development	n. a.
Name	Income tax on properties (*Cedolare secca* and IRPEF)
Instrument type	Subsidised housing
Tenures	Rental housing
Description	Cedolare secca is a tax reduction scheme which should lead to a higher number of dwellings on the rental market. The main goal is to incentivize landlords to declare rental incomes through a more favorable taxation system and thus it is a means of tackling the black market. The additional income tax on non-rented dwellings partially reintroduced in 2014 has the purpose to prevent vacancies.
Target groups	Landlords and tenants in private tenancies for cedolare secca. Owners for IRPEF.
Policy Formulation	National level
Funding	National level
Implementation	National level
Importance	According to Agenzia delle Entrate (Inland Revenue Agency) in 2013 the cost of this taxation system was € 2.2 billion. This cost is represented by reduced revenues.
Instrument development	Recalibrations
Name	Public Housing Rental Systems *(Edilizia Residenziale Pubblica)*
Instrument type	Subsidised housing
Tenures	Rental housing
Description	n. a.
Target groups	Low-income, low-middle income; Particular concentration of elderly, people with disabilities, ethnic minorities
Policy Formulation	n. a.
Funding	n. a.
Implementation	n. a.
Importance	Almost 2 million people. Almost 1 million dwellings nationwide. The main funding mechanism for public housing (the so call GESCAL fund) stopped existing in the early 1990s.
Instrument development	Long-term trends: financial cutbacks, underproduction, privatisation, residualisation, marginalisation, decentralisation

Name	Social Housing System *(Edilizia Residenziale Sociale / Housing Sociale)*
Instrument type	Subsidised housing
Tenures	Owner-occupied housing, Rental housing
Description	This form of support for the creation of affordable housing is aimed at both rental housing and owner-occupiers. The conditions for funding depend strongly on local implementation, although the proportion of funding or the level of co-financing may vary. With the introduction of the Integrated System of Funds *(Sistema Integrato di Fondi)*, the financing system was reformed and the participation of private investors was established.
Target groups	low-income and low-middle income households, including single-parent and single-salary households, young and low-income households, elderly in disadvantaged socio-economic conditions, students, long-term immigrant families with low-income
Policy Formulation	National level
Funding	National and local level with public and private investors
Implementation	National and local level with public and private actors
Importance	Goal: 20,000 dwellings nationwide through the new financing mechanism (integrated system of funds)
Instrument development	Introduction in 2009 of Integrated System of Funds, changes in the definitions and targets of social dwellings as well as changes in the possible suppliers.
Name	Value tax on properties *(Imposta Comunale Unica IUC)*
Instrument type	Fiscal framework
Tenures	Owner-occupation; Rental housing
Description	The Value tax on properties is consisting of three different taxes: a property tax (*Imposta Municipale IMU*), a tax to cover the indivisible service costs of the municipalities (e.g. lighting, road maintenance, etc.) (*Tassa Servizi Indivisibili TASI*), and a tax to cover the municipal waste disposal charges (*Tassa sui Rifiuti TARI*).
Target groups	Owners (and persons or entities having similar rights on properties), Tenants (only for TASI and TARI)
Policy Formulation	National level (municipalities can modify the rates)
Funding	National and local level
Implementation	National and local level
Instrument development	The value tax on properties has often been an object of change within the last ten years, with the motivation for this being less housing-related and more fiscal.

3.3 Reform trends

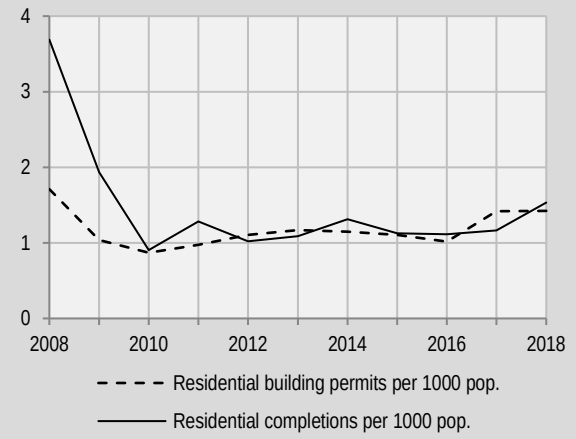
The introduction of the Integrated System of Funds and the Housing Plan in 2014, which provided a clear definition of what 'social dwellings' are, can be understood as the most important reform activities in Italy. While social dwellings were usually provided by public entities, also private actors are entitled to offer social dwellings. Regarding taxation, the most important regulatory evolutions in the past decade were the abolition of value tax on first non-luxury homes and the introduction of a more favourable taxation system on income from rents. The „cedolare secca" (flat rate tax) contributed to reduce the black market. At the local level, some Regions are discussing and partly preparing significant reforms to the public housing sectors. These are aimed to re-organize the prevailing competences and structure of public housing companies in terms of revising the requirements and criteria to access public housing units to promote social mix and contribute to tackling urgent societal issues.

Latvia

Population (million, 2018)	1.93	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	20.1	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	1.58	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	26.6	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	64,573	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	12.7	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	30.4	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	12,180	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	62.8	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	15,189	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	43.3	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	28.4	EUROSTAT, series t2020_50

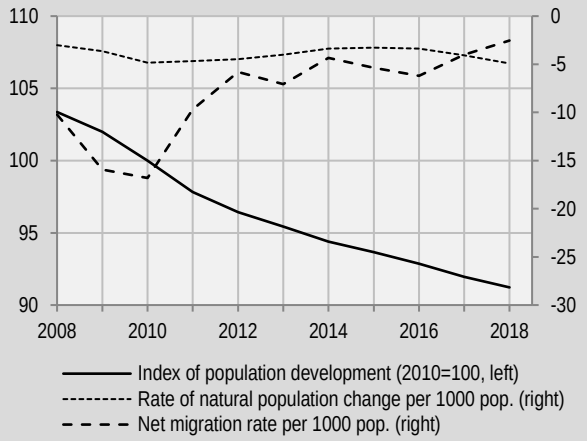
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



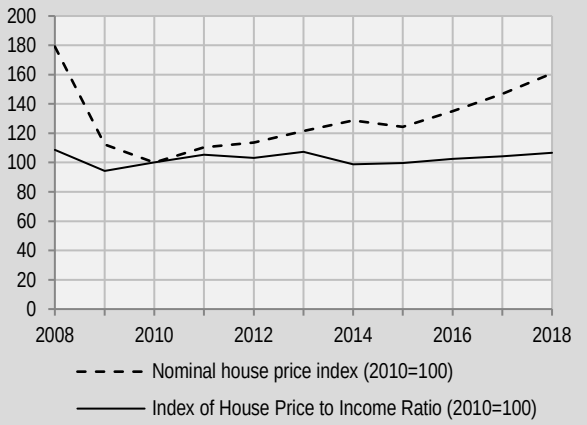
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



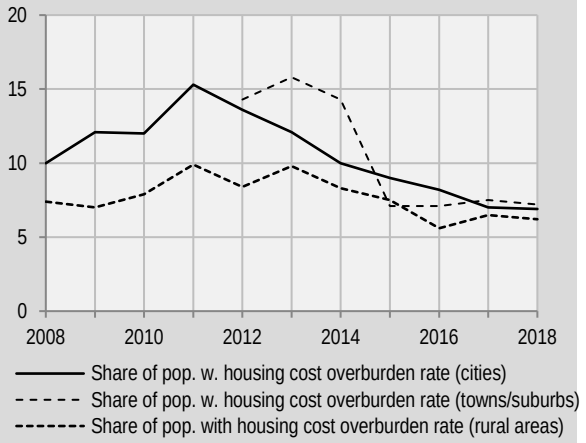
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Ineta Geipele has been involved as national expert.

1 Governance structure

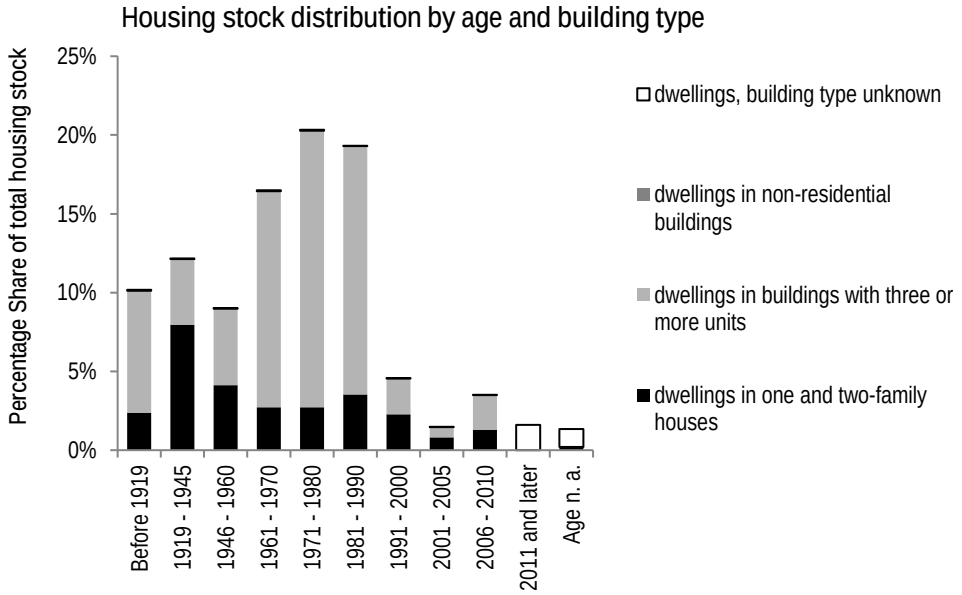
In Latvia three levels of government are in involved in housing policy. These are several units on the national level, the regional level, and the local level. On the national level, there are several units in charge off housing policy. One of the main players is the Ministry of Economics, which is responsible for economic policy formation, sustainable energy policy and housing policy. There are several aims, like the promotion of housing quality and availability, providing a legal framework for management of residential houses or supporting energy efficiency in residential houses, placed on the agenda for housing policy. Other important ministries involved in Housing Policy on the national level are the Ministry of Environmental Protection and Regional Development, the Ministry of Welfare, the Ministry of Justice and the Ministry of Finance. Besides the ministries, there are two units involved in Housing policy directly connected to the Prime Minister. The State Chancellery, which is directly subordinated to the Prime Minister, provides and controls compliance of policy documents and draft legal acts of the Cabinet. Furthermore, the unit evolves and implements policy action plans. The Cross-Sectoral Coordination Centre (CSCC), which is under direct authority of the Prime Minister is responsible for developing and the surveillance of the most significant national development planning documents like the National Development Plan of Latvia (NDP2020) and the Sustainable Development Strategy of Latvia (Latvia 2030). On the regional level, some of the counties have created regional planning associations, which are in charge of regional development planning, coordination, cooperation between local governments and other public administrations. On the local level municipalities are responsible for several tasks regarding housing and environment policy which includes administrating construction rights, building land development, the housing allowance, real estate tax administration, land use management, for administrating the allocation of subsidised dwellings in the context of social housing and - as a voluntary task - for the calculation of the local rent index. The Latvian Association of Local and Regional Governments LALRG, a public organization associating all 119 local governments of the country. Permanent committees for finance, regional development or economy assume a crucial role when it comes to developing policies and drafting opinions of the local governments. Among other duties and responsibilities, the municipality and county associations are responsible for the development of a housing access concept, which promote demographic and economic issues and energy efficiency issues like the preparation of an annual energy efficiency report or the establishment of an information centre regarding energy efficiency. Non-Governmental Organizations fulfil a function regarding housing policy by cooperating with policy makers on national, regional and local levels. For example, NGO´S develop proposals for improving the legal framework and developing strategic plans. In Latvia there was one horizontal shift regarding housing policy, namely the transfer of responsibilities for housing policy as a whole from the Ministries of Regional Development and Local Government (1993-2008) to the Ministry of Economics. The responsibility for housing policy in Latvia has not shifted vertically.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The age distribution of the housing stock in Latvia shows a strong peak of residential construction in the 1960s to 1980s, especially with multi-family houses. About 68% of the Latvian households are living in buildings built between 1950 and 1990. New construction after 1990 represents only about 15% of the total stock. Less than 30% of the dwellings are in houses with one or two dwellings. Regional housing types differ, with less than 15% of the urban population living in single family houses, while in rural areas on average about 60% of the population lives in single family houses. Regarding shortcomings, the most significant issues are prefabricated buildings and energy efficiency. Only about 6% of the apartment

buildings comply with heat engineering requirements specified in laws and regulations of the Republic of Latvia. According to the Ministry of Economics, about 1,000 buildings were renovated and improved regarding energy efficiency between 2009 and 2018. Until 2022, another 1,000 buildings are planned to be renovated.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: EUROSTAT, National Statistical Offices, European Mortgage Federation Federation (calculated from cumulative housing completions to 2017)

2.2 Housing tenures

The composition of housing tenures in Latvia show characteristics of a strong prevalence of owner-occupation, with a proportion of more than 80% of dwellings. Approximately 5% of renting is associated with market rate rent setting. The social rental sector is relatively larger with an estimated proportion of about 15%.

Typical characteristics of tenures in Latvia		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Ownership according to the Civil Law is the full right of control over property, i.e., the right to possess and use it, obtain all possible benefit from it, dispose of it and, in accordance with prescribed procedures, claim its return from any third person. Rights to construct may be restricted by general or specific legislation. Ownership rights refer to land and built-up structures in common or as shared property (the dwelling house belongs to one person and the land to the other). Construction and land may be traded individually.	dominant share (ca. 80-85% of dwellings)
Flat ownership/condominium	Types of apartment ownership may consist in: - residential property as a whole divided in individual property and the relevant undivided share of the joint property, with or without land. - undivided residential property and the right to use a share of it - residential property not in the Land Register but registered with the State Land Service At present, land and structures can be owned by different owners as shared property. There are two types of shared ownership – voluntary and forced shared ownership (based on law). Forced shared property is the result of the land reform and privatisation process since 1990. While the ownership of the former land owners was restored, the owners of the house did not own the land but lease. The Law on the Completion of Forced Shared Property in Privatized Apartment House was initiated to terminate forced shared property between apartment owners of apartment houses and landowner	
Cooperative owner-occupation		estimations not available

Other	The Civil Law also provides for personal servitude – the right of use an apartment in a third party's property. A loan (or use loan) is a contract where an apartment is handed over to the person free of charge - the person can live there but not pay the rent. The contract may regulate duties by the beneficiary, e.g. payment of management fees and utilities.	niche
Rental tenures		
Market rate private/commercial rental tenures	Regulated by the Civil Law of the Republic of Latvia and the Law on Residential Tenancy. Residential tenancy agreements require written agreements. The rent is usually determined by agreement between the parties. Apart from the rent, payment obligations include real estate tax and the land lease fee (if the rented dwelling is in a residential building located on the land owned by a third party). In case of sales, a new owner is bound to existing tenancy agreements. The private rental housing market has several problems in Latvia, including rental rate, which is not regulated till the new law „On the Rental of Residential Real Estate“ would be not approved. There is a lack of uniform regulation for charging and payment arrangements for rent and utilities in a municipal housing fund.	small share (less than 5% of dwellings)
Special regulation regimes	Special rent setting applies for tenants of denationalized buildings, when the rental contract was already established in the 1990s.	
Public rental tenures		
Subsidized below market and/or privileged access rental tenures	The legal framework arise from the Law on social apartments and social dwelling houses. A social dwelling is by law a dwelling which is owned by the municipality and let to household eligible to rent a social dwelling. Furthermore there are three main laws which regulate social housing. The Law on local government assistance in settlement of apartment matters defines types of local government assistance like social housing lease or provision of temporary living space. The law on the rental of residential real estate determines the conditions for renting residential place and the law on the rental of residential real estate declare that the lease of a residential place is the transfer of the use of the living place to another person for a fee. In Latvia every municipality in whose territory is the social dwelling determine the management. The management of social dwellings is not allowed to be disconnected from municipal social service and assistance development programs. The municipal-owned apartments assigned to different classes (comfortable apartment, semi-facilitated apartment, apartment without amenities. Rent setting is determined by the municipal council according to the class and based on nationwide calculation rules.	medium share (less than 15% of dwellings)
Cooperative rental or similar national specific tenures		
Other		
Hybrid forms, e.g. rent-to-buy schemes		
Homelessness, temporary and informal housing		
Homelessness	Different shelters for a roofless people, also based on the Social Services and Social Assistance law for temporary housing and services	
Asylum accommodation	Accommodation Centre for Asylum Seekers in Mucenieki	capacity of ca. 400 persons
Informal housing		

Source for relevance data: Census 2011, EU-SILC 2017

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

Home ownership is common in every income class including employed, unemployed, retired, and other social sensitive groups like disabled or poor people. The privatisation process from 1990 on was regulated by two laws: The „law on denationalization of home ownership in the Republic of Latvia” and the law for the „return of homeowners to legal owners”. The number of private owners increased in the course of the privatization of the housing stock from 21% to 83% while the number of tenants decreased to 17%.

Rental tenures

The rental housing market in Latvia faces several issues. Rents are not regulated until a new law on the rental of residential real estate will be approved. Furthermore, there is a lack of uniform regulation for charging and payment arrangements for rent and utilities in a municipal housing fund. The main social

landlords in Latvia are municipal institutions. The legal framework is provided by Section 2112 of the Civil Law and is specified in the law on residential tenancy. A specific goal regarding rental housing policy in Latvia is to provide access to quality housing for the average income population. An additional point is to provide favourable conditions for Latvian emigrants who return to the country. In 2018, the government supported to provide a long-term loan from the Treasury to municipal housing agencies with a low, mid- or long-term fixed interest rate to provide housing for low income households.

Homelessness, informal and temporary housing

In Latvia there is no national strategy in the sense of a state programme. National legislation states the obligations of municipalities in terms of social service measures. There are shelters and night shelters for homeless people in Latvia. The shelter provides the services up to six months a year while the night shelter provides the services up to two months a year.

Providers of Housing Services

Municipal housing is provided by municipal companies founded on the foundation of the signed delegation agreement. Regarding the market rental sector individual landlords are main providers, while public bodies or agencies are mainly the providers regarding the below market rental sector.

2.4 Housing Issues

General challenges

In Latvia, the main drivers of housing provision problems are the refugee crisis, emigration, urbanization and immigration. Migration from abroad has an impact on the housing market due to its attractiveness for foreigners from the EU and CIS countries for various reasons. There is a high activity of non-residents on the housing market, which has led to increasing prices and caused affordability problems for Latvian residents. Dissatisfaction with the affordability of housing in Latvia and the high share of income to be spend on housing is one of the reasons for emigration. Experts suggest that the opportunity to live in affordable housing should be considered a basic need and measures to promote equal opportunities should be established. This arguably requires developing a legal framework for renting, implementation of housing support programs and promotion of affordability of rental housing for households in need. However, the private sector is currently not interested in investing in the construction of rental houses due to a low cost-value ratio. In terms of demographic changes, the ageing population and decreasing household-sizes are of concern for Latvian housing policy leading to an increasing demand for old-age appropriate housing. Energy and climate related issues have also influenced national government programs in the housing sector in recent years with improvement of the energy efficiency being an important goal of the Latvian public housing.

Accessibility, affordability and availability problems

In Latvia, there are availability problems regarding barrier-free housing and a lack of affordable and social housing in certain urban areas. Furthermore, there is a lack of shelters for homeless persons and refugees. In Latvia, there is a general lack of rental units due to demographic and internal migration problems. Regarding affordability, there is a lack of affordable dwellings for rent especially in certain urban areas, where the rent has increased significantly paired with missing and deficient rental market regulation. There are no major accessibility problems in Latvia with discrimination against ethnic minorities being rather infrequent.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

Latvian housing policy shows characteristics of many post-soviet states, which are now EU-members. Starting in 1990, Latvia started privatizing the housing stock by transfer from the state and municipalities to the private sector. Due to this process, the housing market ensures its maintenance under free market conditions. Contrary to the western countries, there was a profound economic downturn in the post-soviet bloc countries and people were lacking funds to maintain the housing stock. The Latvian Investment Management Companies Law controls real estate-related operations of investment funds. Among others,

there are several existing housing policies like renovation of social houses and the temporary housing stock, non-residential fund reconstruction, the development of multi-apartment and row residential houses in public private partnerships. In general, three aspects of the Latvian housing policy can be considered its main pillars: The development of the housing stock and public infrastructure, housing facility management, and home improvements like improving energy efficiency and social housing. The Latvian national development plan for 2014-2020 picks up those aspects. The guiding principles of housing policy in Latvia identify three groups of problems: The lack of common principles for the development of housing policy in national and local government territories, the low availability of housing for certain population groups, and the inefficient use of existing housing. Medium and long-term planning documents like the Latvian national development plan for 2014-2020 discuss these problems but critical voices identify an insufficient concept in general and postulate a need for a unified housing concept for Latvia. Furthermore, the need for an improvement of housing legislation is postulated. The Ministry of Economics announced in 2019 that there will be an exploration regarding problems in the housing sector. Following this evaluation, the responsible authorities will form the respective housing policy and develop a strategy.

3.2 Housing Policy Instruments

Name	Social assistance benefit to cover communal utility cost
Instrument type	Housing Allowance
Tenures	Owner-occupation; Rental housing
Description	Means-tested support measure to cover communal utility cost for heating, cold and hot water
Target groups	People on low income
Policy Formulation	n. a.
Funding	n. a.
Implementation	n. a.
Importance	n. a.
Instrument development	No changes
Name	Support for young families and for young specialists to buy their first housing
Instrument type	Measures for homeowners and homebuyers
Tenures	Owner-occupation
Description	Support in the form of grants and tax benefits.
Target groups	Young specialists should be up to 35 years old; young families with children, parent(s) should be up to 35 years old
Policy Formulation	n. a.
Funding	n. a.
Implementation	n. a.
Importance	Regarding the amount of public spending the overall importance of this instrument is rather low.
Instrument development	No changes
Name	Operational Programme „Growth and Employment" 2014-2020
Instrument type	Energy-related instrument
Tenures	Owner-occupation; Rental housing
Description	The Operational Programme (OP) aims at achieving key national priorities along with the „Europe 2020" objectives. It is a multi-fund programme which should promote the increase of energy efficiency in public and residential buildings. It includes a „Housing Guarantee Programme" which significantly reduces the first instalment of a housing loan. The amount of the guarantee depends on the number of children in the family: for one child 10% (not more than € 10,000); for two children 15% (not more than € 15,000); for three or more children 20% (not more than € 20,000) Since March 2018 also young professionals (under 35 years with higher or vocational secondary educations) without children are eligible for public support. Eligible costs of energy efficiency improvement measures are energy efficiency works, construction works for building envelopes and common areas, renovation or creation of engineering systems, purchase and installation of heat energy sources using renewable energy resources and water heating sources.
Target groups	Private households (owners) and public / municipal owners
Policy Formulation	National level
Funding	National level / EU level (ERDF)
Implementation	National level
Importance	By 12 February 2019, a total of 10,608 housing guarantees for housing construction or purchase for a total of € 75.2 million were granted to families with children; there are a total of 15,284 children in these families. Additional € 2.8 million has been allocated to the Housing Guarantee Programme, which will provide guarantees for around 1,500 families with children. Additionally, young professionals have received a total of 1,000 guarantees in the amount of € 7 million
Instrument development	Implemented since 2015, then extension of eligibility (size of building, applicants); extension to young professionals in 2018

3.3 Reform trends

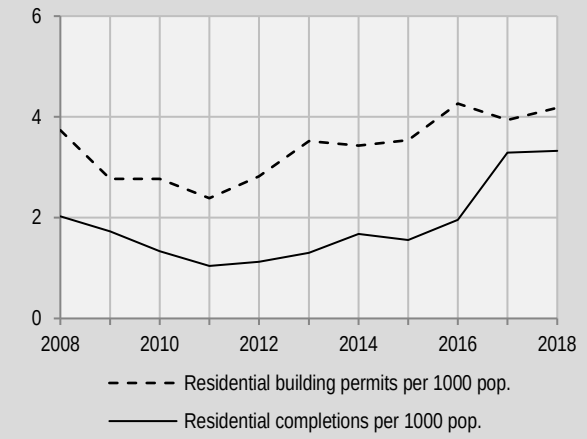
As in other former Soviet states, the development of the legal framework for private housing market actors and public administration is of great importance. Thus, the law on administration of residential houses adopted in 2010 described basic rights and obligations and specified the responsibilities of public administration. This law is to be understood as an important step the development of the legal framework, but further legislation regarding tenancy law, law on residential properties and the termination of joint property in privatized multi-apartment buildings, are underway in this context. Beyond that, there is little activity in the field of housing policy. Thus, the central housing policy instruments are rather characterised by continuity.

Lithuania

Population (million, 2018)	2.81	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	19.6	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	2.18	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	25.7	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	65,286	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	4.7	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	44.7	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	13,390	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	45.7	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	18,478	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	43.9	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	28.3	EUROSTAT, series t2020_50

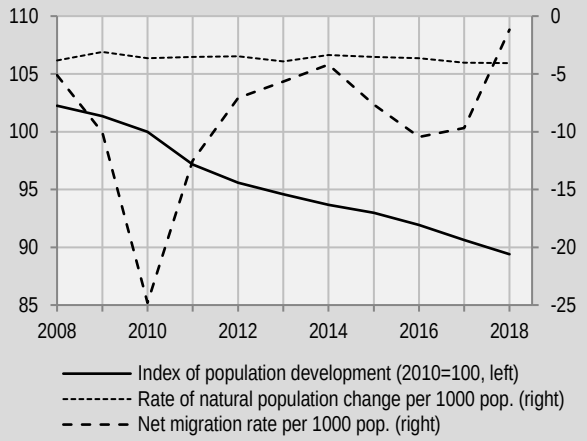
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



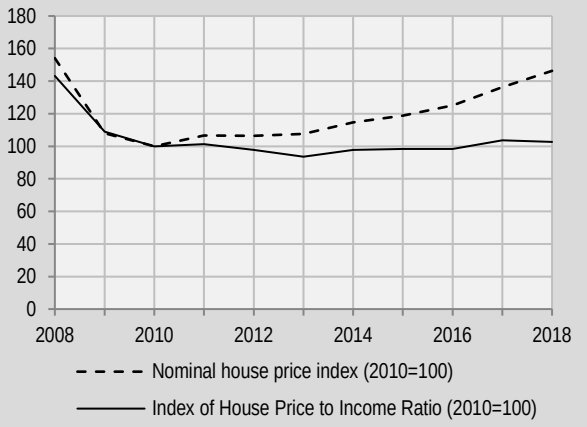
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



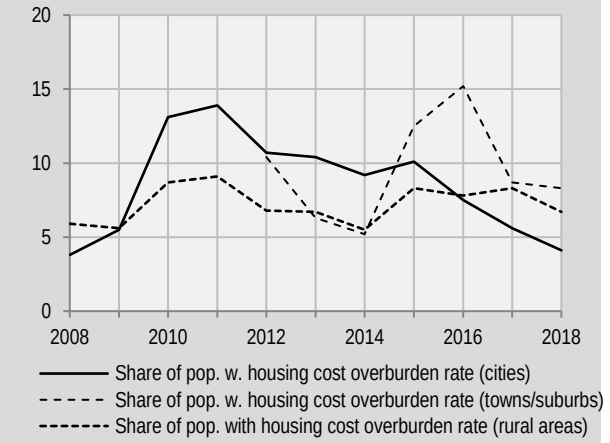
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Jolanta Aidukaite has been involved as national expert.

1 Governance structure

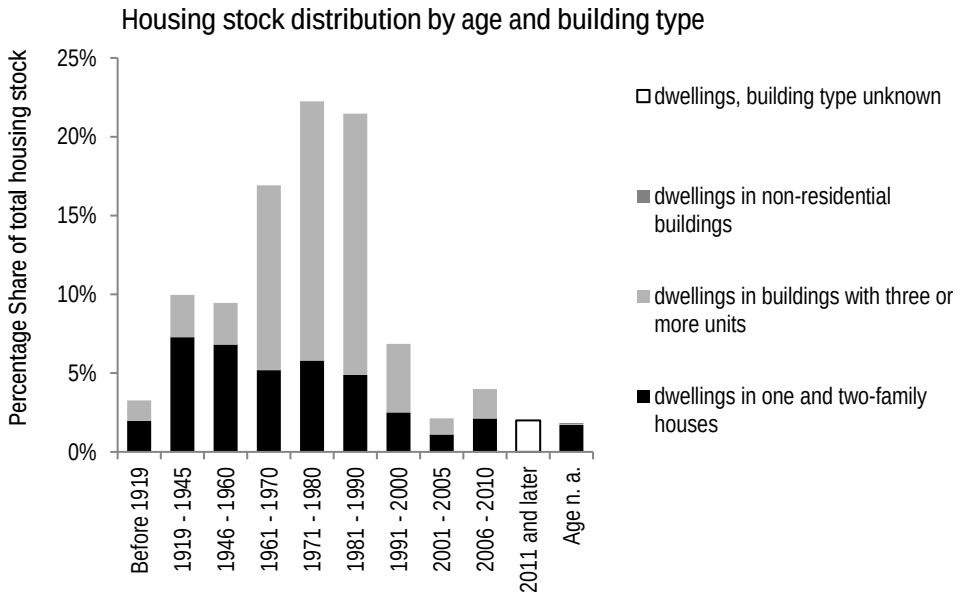
In Lithuania two levels of government are involved in housing policy, national and local. At the national level, housing policy responsibilities are divided between different ministries. The Ministry of Environment of the Republic of Lithuania (AM) is responsible for housing policy issues in the field of housing construction, housing maintenance and modernization or spatial development policy. Furthermore, the Lithuanian Ministry of Finance manages the state shares in housing construction loans or subsidies. Thirdly, the Ministry of Social Security and Labour (SADM) is responsible for monitoring, drafting legislation on all housing policy issues concerning social assistance benefits (means-tested). The SADM is also responsible for legislation on social housing and state support for the purchase of housing. At the regional level Lithuania has no governance structure and thus there are no housing policy competencies at this level. The local level in Lithuania can be divided in municipalities and counties. Municipalities usually have one or more departments responsible for municipal or social housing construction and management. It is also possible to set up a separate enterprise for this purpose, as it is the case in Vilnius with the so called „Vilnius city housing“. They manage both the construction of social housing and the allocation of social welfare benefits related to housing. The counties as the second local unit have a less important role in housing policy. It is at this level that the parishes and counties are located, which generally organize people's needs at the neighbourhood level. Sometimes there are public initiatives that can mobilize a local community organization from the citizens of a neighbourhood to implement them. They are institutionalized and, as a registered organization, can apply to the EU for funds for infrastructure development. In most cases, this involves resistance to (illegal) construction projects, defending green zones or reducing crime rates. In total, there are more than 1,800 of these community organizations, most of them in rural areas. Although the municipalities are responsible for tasks such as road construction, building parking lots or children's playgrounds, community organizations nevertheless try to make certain suggestions, negotiate or participate in solving problems. There have been few changes in Lithuania's governance structure. There has been a horizontal shift in the responsibility for legislation in the field of social housing and state support for housing purchase and rental policy. In 2012, the responsibility for policy formulation in this area changed from the Ministry of Environment (AM) to the Ministry of Social Security and Labour (SADM). Vertically, there was a small shift on 1 January 2014, when municipalities were given responsibility by the national government for the payment and administration of social assistance benefits (including housing policy). The shift concerns the responsibility for implementation, which is a tendency towards decentralization of social assistance.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The age distribution of the housing stock in Lithuania shows a strong peak of residential construction in the 1960s to 1980s, especially with multi-family houses. New construction after 1990 represents less than 20% of the total stock with two distinct phases of higher construction activity, first, in the 1990s, second, in the second half of the 2000s, with a sharp decline after the Great Financial Crisis in 2008. About 40% of the dwellings are in houses with one or two dwellings. Regional housing types differ, with less than 15% of the urban population living in single family houses, while in rural areas on average two third of the population lives in single family houses. Given the characteristics of the housing stock in Lithuania, prefabricated mass residential construction from the Soviet Period still serves two third of the population. Therefore, insufficient thermal quality, technical installations and general refurbishment necessities are

the major problem of the housing stock in Lithuania. In order to improve energy efficiency, the Lithuanian government adopted a renovation program in 2005, initially with 50% of the costs to be covered by the government and 50% by commercial loans. However, due to financial shortages this program had to be changed and currently owners must pay 75% of the costs and only the rest is financed by the municipalities through the European Structural Funds. This change has slowed down the renovation project significantly. In 2012 the Parliament reformed the law on the management of common property in condominiums in order to facilitate decision taking in the refurbishment process allowing administrators appointed by the municipality to take relevant action without approval by the owners' association. In 2009 the European Commission via the European Investment Bank and the Lithuanian Government renewed the program through the so-called JESSICA initiative to facilitate the renovation of the multi-family housing stock using ESF funding.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: EUROSTAT, National Statistical Offices, European Mortgage Federation Federation (calculated from cumulative housing completions to 2017)

2.2 Housing tenures

The composition of housing tenures in Lithuania shows the typical characteristics of post-socialist transformation countries. The tenure system is highly concentrated on owner-occupation with a small and partly informal private rental sector and a marginal relevance of subsidized or access privileged social tenures. An estimated share of about 90% of all dwellings is associated with owner-occupation, both in form of house ownership and flat ownership. The private rental market is characterized by informal letting activity, subletting or letting at reduced prices. Only a marginal share of population is renting at market prices. The social and public rental sector is rather residual with a share of less than 2% of all dwellings.

Typical characteristics of tenures in Lithuania		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Owners in Lithuania have the right to use, sell, donate, rent or inherit their property. The state regulates the construction and the local government must approve it. The owner is liable for maintenance, repairs and collection of fees, taxes or levies.	2011 census data: 97% of dwellings owned by individuals. From EU-SILC data on population in rental tenures, an share of ca. 90% of owner-occupation can be estimated
Flat ownership/condominium	The owner has the right to use, enjoy, sell, donate, rent, and inherit his /her apartment. The association of condominium collectively owns the common parts and installations of the building and is liable for maintenance, repair, bearing of taxes, levies and duties.	
Cooperative owner-occupation		
Other	Emphyteseus leas: There is also right to build on land owned by the third party. The owner of the property then has a right to use, enjoy, sell, rent, inherit the property and is responsible for maintenance, repair, bearing of public taxes, levies and duties. Ownership rights do not comprise the ownership of the land.	niche (no data available)
Rental tenures		
Market rate private/commercial rental tenures	The rent setting of private rental housing in Lithuania is regulated by market prices and individually negotiated without regulation.	small share (less than 2% of pop), but estimates including grey market activity are around 10%
Special regulation regimes		
Public rental tenures	included in subsidized/social tenures below	small share (less than 2% of dwellings are publicly owned)
Subsidized below market and/or privileged access rental tenures	The below market rate/subsidized rental tenure is part of the public housing sector and administered by municipalities. Rent setting and access are regulated by the law of the Republic of Lithuania on the acquisition or rent of social housing NR. 2014 m. spalio 9 d. Nr. XII-1215. Access is restricted to lowest income households and granted on the basis of means testing.	
Cooperative rental or similar national specific tenures		
Other		
Hybrid forms, e.g. rent-to-buy schemes		
Homelessness, temporary and informal housing		
Homelessness	Provision of shelters for homeless, provided by NGOs or the church, and partly funded by local governments.	No official figures available, estimated at about 2,500 people in shelters in 2017, of which ca. 2,100 houseless
Asylum accommodation	Two forms of accommodation for asylum seekers: applicant centre (3-month stay) and accommodation for homeless people (12-month stay) based in local communities and used to provide asylum seekers also with integration programs.	estimations not available
Informal housing		

Sources for relevance: Census 2011, EU-Silc 2017, expert estimations

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

In Lithuania the dominant form of tenure is owner-occupation, which makes it difficult to distinguish between different social groups. In general, however, it can be said that home-ownership is more common in rural areas, whereas in urban areas it is more associated with higher income social groups, especially families. A heterogeneous target group is observable in condominium owner-occupation in apartment buildings. Newer multi-family houses in particular are of higher quality and more expensive and are therefore more likely to be owned by the younger middle class than Soviet-era apartments, which are more likely to be owned by older people of retirement age. The socio-economic breakdown can therefore

be sorted according to the age of construction of the dwelling. This is also caused by credit constraints older people face when trying to move. Income sorting has increased in Lithuania, especially among those who can buy a new flat and those who cannot get a loan from the bank. This growing inequality between the generations is due to the massive privatization in the 1990s because young people have to pay a much more expensive market price than their parents did. Still today, only about 10% of households owned homes with mortgage loans (EU-SILC 2016 data). Housing policy in Lithuania is mainly left to private actors (landlords, developers, investors and owners) However, the state does support young families in acquiring housing (see below). In general, the share of owner-occupation has been relatively stable in recent years. However, there has been a small increase in the number of owners with mortgages and loans from 8% in 2009 to 11% in 2017, and in the recession following the financial crisis (2010-2012) the proportion has temporarily fallen to 7%.

Rental tenures

The prices of private rental housing are regulated by the free market without intervention of the state. Initial prices and rent renewals can be individually negotiated and agreed in a rental contract between tenant and landlord. Renting is extensively part of informal economic activity. According to official data, only 1.5% of the population has rented on the market (Eurostat 2017). However, according to experts' estimations, legal rentals may only correspond to a sixth of the actual rental activity in total. Subsidized social housing is provided by municipalities in state owned housing. Social housing is directed to the poor households only and allocated on a means-test basis. Due to the very limited market share of less than 2% of the dwelling stock availability is considerably lower than demand. The waiting period can be between 10-20 years. Looking at the situation of people who live in rented accommodation, housing uncertainty prevails. Private rental housing in Lithuania is poorly regulated and tenants' protection is low. Moreover, rents are usually so high that they correspond to the rates of a loan for the purchase of a flat. For this reason, rental tenure is for temporary housing needs only, and serves primarily starter households and foreign workforce. Social housing, on the other hand, is targeted at vulnerable population, e.g. single-parent families, large families with three or more children, welfare recipients or people with disabilities. Rental tenure changed considerably in importance with the end of the Soviet era. Private property during the Soviet Union (1940-1990) was restricted to rural areas where about 20-30% of the population lived in the private houses. Rents were very low and subsidized by the state. The construction of housing and housing provision was the responsibility of the state. It was possible to build private houses, but this had to be approved by state authorities in the municipalities. With the privatizations in the 1990s, almost all municipal housing was privatized and sold to tenants at a very low price. There are currently new plans to expand municipal housing in cities to attract young families and workers to Lithuanian cities and prevent emigration.

Homelessness, informal and temporary housing

In Lithuania, there are no official statistics on the number homeless people. In general, the population affected by homelessness, informal, or temporal housing is estimated to be small. The numbers of people residing in accommodation for homeless have been relatively stable over time. On the political agenda, there is little debate about precarious housing conditions such as homelessness. It focuses only on social or municipal housing. There are in total of 25 hostels in Lithuania, which provide temporary accommodation for homeless people, but also various rehabilitation services to help them return to a normal life. There are also social service institutions that offer temporary accommodation to people in crisis situations. These include the crisis centres for mothers and children and the psychological and social rehabilitation centres for addicts.

Providers of Housing Services

The provision of market rate rental housing is done by private landlords only. Public and social housing is offered by municipalities.

2.4 Housing Issues

General challenges

So far, there is no significant influence of migrants from abroad on the housing situation in Lithuania. Most of the migrants are refugees and labour migrants from Ukraine or Belarus and the total number of immigrants is 3,000 persons per month. If this number increased, Lithuania could very quickly reach its limits, since the rental housing sector is too small to handle inflows. However, the refugee crisis has not had a particular effect on housing in Lithuania. Domestic migration poses a greater problem because cities like Vilnius are expanding rapidly and the rural periphery is declining sharply. The latter is a result of an ageing population as well as a decline in jobs and infrastructure. The consequence is extensive migration abroad and, to a lesser extent, to the big cities, particularly by young and educated people. The proportion of persons aged over 65 in Lithuania is approximately 19% (and rising) and thus among the highest in Europe. This development is a result of migration (15% decrease since 1990) on the one hand and negative population growth (more deaths than births) over the last 25 years on the other hand. Nevertheless, the overall fertility rate is 1.7, which is the EU average. Lithuanian housing policy is therefore mainly concerned with ways to provide families with more favourable conditions for receiving loans to buy a home or for rent. The ageing society is thus an important driver in Lithuanian housing policy. With regard to new buildings and energy efficiency, Lithuania complies with EU requirements, which therefore are also an important driver.

Accessibility, affordability and availability problems

Access to housing in Lithuania is generally non-discriminatory and everyone, regardless of gender, origin, or creed, can buy a home. In the rental housing market, privileged housing is subject to regulated access according to need. Waiting lists are long, but apartments are allocated according to the principles of social justice, non-discrimination, and transparency. The private housing market is subject to landlord preferences. There are reports that it is more difficult for families with young children or people with pets to find accommodation. Although there are no official reports of discrimination in the private rental market, there is no official information about the situation in the shadow economy either. Homeless persons have relatively good access to hostels and a good infrastructure with dedicated social workers. However, there are studies that show that the Roma population lives in worse conditions than the rest and that they are more strongly affected by housing shortages. Young people and families face greater challenges when buying homes. Low wages and high interest rates are a barrier. In addition, buyers must have at least 15% of the property price in equity to obtain a housing loan. Although the state does not generally intervene in the housing market, there is some help. Overall, the affordability of housing has increased in recent years. This is caused firstly the supply of housing exceeding the demand, secondly, by a recovery of the demographic situation (more people are moving back to the rural areas), and thirdly, by very active housing markets in the large cities of Vilnius, Kaunas, Klaipėda. While private rental apartments are expensive, the high supply balances this out. However, this can be at the expense of the quality of housing. Mostly young people or people without the possibility of receiving bank loans rely on the private rental market and the rented flats are often only considered a transition to owning a home. High prices can be a problem especially for young people and students, which is why they often need support from their parents. In general, affordability remains problematic. This is aggravated by a lack of regulation by the state. This uncertainty means that 75% of young people aged 20-24 still live with their parents and 41% of people aged 25-29 do (Eurostat 2017). Hostels for the homeless can be inhabited for a relatively long time and accommodation is relatively affordable given social assistance from the government. In the reintegration process there is a risk for homeless persons that they will be discriminated by private landlords and therefore must live longer in the hostels. Overall, there is no serious discrimination against ethnic minorities, both in terms of ownership and rent. However, there is a lack of housing for the disabled and for senior citizens. The market for home ownership is more oriented towards young families, because they are more likely to get a loan. Moreover, the old apartments from the Soviet era are not designed for people with disabilities. The trend in recent years shows an improvement in infrastructure for the disabled, but not in public buildings or apartments. In addition, the massive privatization of the 1990s has created a problem of availability. Older citizens in particular often live in large apartments without children and only receive a very small pension, which is often insufficient to pay for heating and utilities, which in

Lithuania are already one of the most expensive in the EU. Although some would like to trade their flats for smaller ones, there is now a shortage of smaller flats in depopulated rural areas, so that older people must keep the large flats. This means that half of their pension is only paid for the communal utility prices. The availability of social housing and subsidized housing is extremely low while there are enough places for homeless persons.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

After the collapse of the Soviet Union, the government in Lithuania started a massive privatization process with support from the World Bank in 1991. The prices of the apartments were so low that the purchase became extremely attractive. In only 10 years (until 2001), the share of public housing decreased from 82% to 1.4%. Currently 97.2% of the population live in their own homes, which, according to Eurostat (2014), is one of the highest shares in Europe next to Romania and Hungary. Housing construction and heating have been mainly supplied by private companies since 1991. Larger construction companies mostly build new dwellings while smaller companies are more active in repairing and reconstructing existing dwellings. The state does not play a significant role in housing construction. The Lithuanian housing system promotes home ownership and at the same time the growth of the shadow economy in the rental business. Private actors are generally responsible for the production of housing, its allocation and pricing. The state plays a rather weak role in this, but there are nevertheless some guiding principles in housing policy. First, home ownership is promoted by helping families with children by providing financial support (10-20% of the price). However, this support is only available for families with a lower income, at least one child and no other property. Since 2018, there is a new government initiative that provides a subsidy to young families, regardless of income, when they buy a home in the more rural areas. The amount is 15-30% of the loan, depending on the number of children, and has an upper limit. Second, there are efforts to protect the weakest in society who would not have a chance on the private rental market by supplying social housing. However, the number of social housing units is so small and allocation happens based on strict means testing. To illustrate, there were 32,815 people on the waiting list in 2014, whereas only 1,165 families benefited from social housing (Lithuanian Statistical Department). As demand is so high, the government introduced a subsidy in 2014 for rental payments of socially vulnerable families. So far, however, there have been no significant changes to Lithuanian housing policy and no further reforms are planned at the moment.

3.2 Housing Policy Instruments

Name	Social assistance benefit (means-tested) to cover communal utility cost
Instrument type	Housing allowance
Tenures	Owner-occupied housing; Rental housing
Description	Individuals and families on low incomes can claim this benefit. Eligibility is determined based on income and assets tests. Benefits are for communal utility costs (heating, cold and hot water).
Target groups	Low income groups (especially families)
Policy formulation	National level
Funding	Local level
Implementation	Local level
Importance	Expenditure amounting to € 200 million in 2018
Instrument development	No changes
Name	Subsidy for the housing rent for low income families and persons
Instrument type	Housing allowance
Tenures	Rental housing
Description	Based on national legislation local government pays part of the rent on the private market for those who are entitled to social housing. This housing allowance reduces the overall demand for social housing.
Target groups	Low income groups (especially families)
Policy formulation	National level
Funding	Local level
Implementation	Local level
Importance	In 2018, about 696 families were supported.
Instrument development	Introduction in 2014

Name	Support for young families to buy their first housing
Instrument type	Subsidy for homeowner and homebuyers
Tenures	Owner-occupied housing
Description	The subsidy is 10-20% of the loan for the property, depending on the number of children. Furthermore, the eligibility depends on conditions such as age, marital status and income.
Target groups	Mainly young families (no older than 35) or other low-income groups, which should not exceed a certain income size; disabled young people or people who have grown up without parental care
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	Very little importance; in 2018, only 401 households.
Instrument development	No changes
Name	Support for young families to buy their first housing in the regions
Instrument type	Subsidy for homeowner and homebuyers
Tenures	Owner-occupied housing
Description	The aim is to address urbanisation and make living in rural regions, which are particularly affected by depopulation, more attractive. Depending on the number of children, the government covers between 15 and 30% of the housing loan amount. Furthermore, the eligibility depends on age and marital status.
Target groups	Young families with without children or childless, couples or single parents should be up to 35 years old willing to buy or to build housing in the Lithuania regions, which experience depopulation.
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	n. a.
Instrument development	Introduction in 2018
Name	Social housing (housing with privileged access)
Instrument type	Subsidised housing
Tenures	Rental housing
Description	Social housing is built, allocated and maintained by the municipality. The municipality subsidies the rent to a very low level. Households with low income are eligible (means tested). The criteria include an income and property test
Target groups	Low income groups
Policy formulation	National and local level
Funding	Local level
Implementation	Local level
Importance	n. a.
Instrument development	Minor recalibrations

3.3 Reform trends

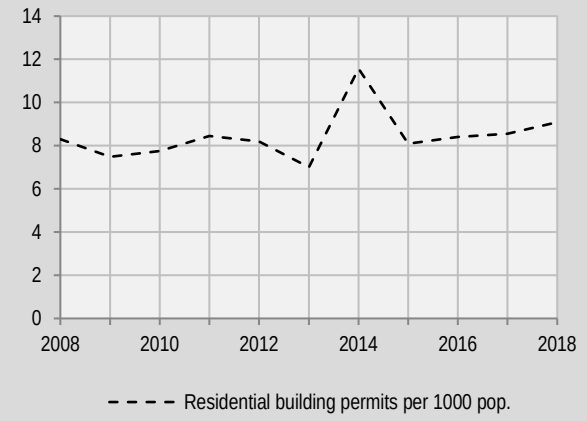
Due to the great lack of social housing, which is the (financial) responsibility of the municipalities, the introduction of a new housing allowance (support for renting housing) led to a strong expansion of subject promotion. This instrument is explicitly designed as a relief for object funding, so that a shift in the instrument mix can be observed here. Moreover, the recent introduction of another instrument for homeowners and homebuyers (support for buying first housing in the regions), which is applicable for private investments in the regions, is a response to regional disparities by emigration, which also shape housing policy challenges.

Luxembourg

Population (million, 2018)	0.60	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	14.3	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	0.92	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	20.1	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	2,586	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	46.5	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	235.1	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	83,470	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	58.8	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	33,332	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	39.4	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	20.7	EUROSTAT, series t2020_50

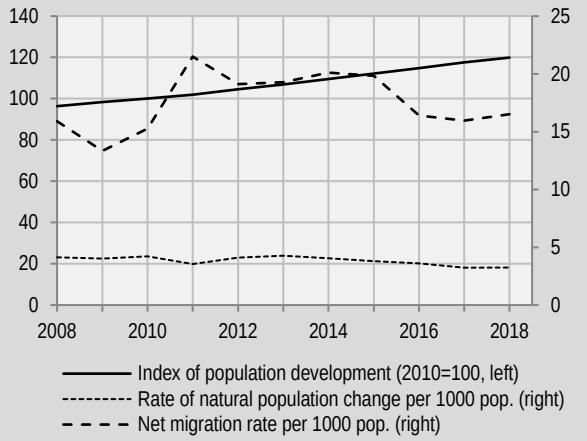
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



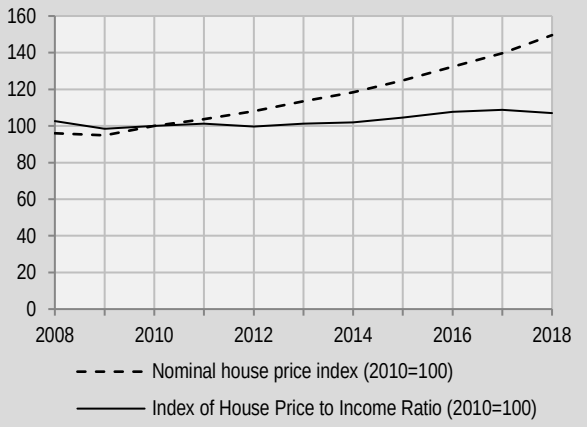
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



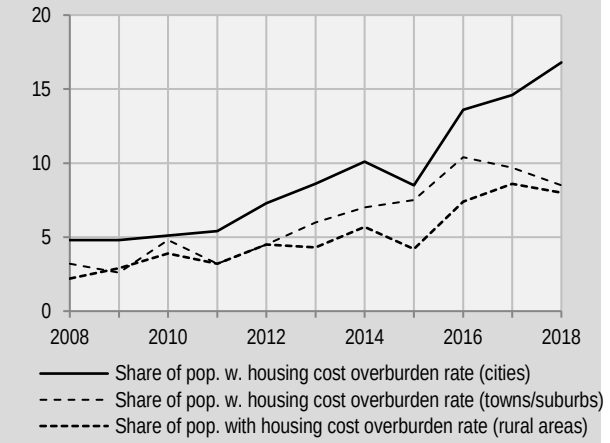
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Magdalena Gorczynska has been involved as national expert.

1 Governance structure

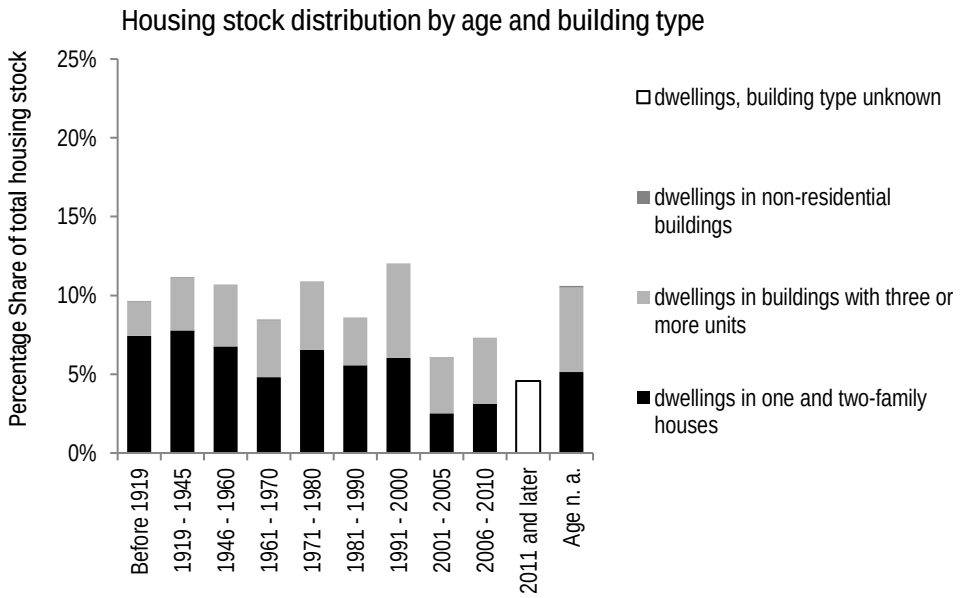
At the national level, several ministries are involved in housing policy issues in Luxembourg. The Ministry of Housing is responsible for the general housing policy, such as legislation on rents, subsidies in case of acquisition, construction or amelioration of housing units, housing funds and regulations for affordable and low-cost housing. The Ministry of the Interior also has a department responsible for coordination, advice and implementation in urban planning and development. The area of energy efficiency and relevant regulations and subsidies are mainly managed by the Ministry of Energy and Land Planning. The Ministry of Environment, Climate and Sustainable Development is also involved in the support of energy saving. Finally, the area of emergency and transitional accommodation for the homeless, socially disadvantaged or discriminated against (e.g. LGBTI) is covered by the Ministry of Family, Integration and the Greater Region. The administration of the facilities is being carried out by local associations or public and private institutions. There is no regional level in Luxembourg. The next level involved is the local one: the municipalities („communes"). The largest municipality, the city of Luxembourg, has a so-called „*Service Logement*", which is mainly responsible for managing the social housing units belonging to the city, partly occupied by people with disabilities or senior citizens with reduced mobility. All other communes with at least 6000 inhabitants (around 30) have social welfare offices helping low-income households with housing matters. Municipalities with fewer inhabitants organize themselves often inter-communally with one responsible social welfare office („*Office social*"). Their housing policy tasks consist of arranging emergency accommodation for people in need and allocating state financial benefits to eligible low-income persons. They work closely with the Social Rental Agency („AIS") or other organisms/associations doing the activity of social rental management („*gestion locative sociale*") in partnership with the Ministry of Housing. According to the 2004 law on municipal planning and urban development, each municipality defines its own Building Code Document and Urban Planning Document. However, housing policy is not one of the obligatory tasks of the municipalities, and a housing plan or strategy does not exist in most municipalities. There was neither a horizontal nor a vertical shift in the governance structure of Luxembourg. However, there is an ongoing debate about a greater engagement of the local level (communes) in the implementation of housing construction. By now, there has been mainly two public promoters constructing social and affordable housing units. Thus, there could also be a greater involvement of the local authorities. A new law project deposed recently by the Minister of Housing in the Parliament foresees a new „Housing Pact 2.0" with the municipalities, in order to boost the construction of affordable housing units at local level during the next 10 years.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The housing stock in Luxembourg comprised about 235,000 dwellings in 143,000 residential and semi-residential buildings in 2017. Approximately 50% of the buildings are single-family houses, 35% are multi-family houses and 15% are semi-residential buildings. Depending on the region, the ratio between single-family and multi-family houses differ, with about 60% of the urban population (80% in Luxembourg City) living in multi-family houses, while in rural areas on average 80% of the population lives in single family houses. The age distribution of the dwelling stock is rather uniform, with dwellings constructed 1945 and before account for ca. 20% of the stock. 30% of the dwellings were built after 1990. A large proportion of single-family houses was built before 2000, whereas in the new housing market the share of single-family houses is declining. On the contrary, about half of the multi-family houses were built after 1980. Buildings

in the former industrial areas in the south of the country are especially in need of energy efficiency refurbishments. To improve energy efficiency, Luxembourg has introduced a subsidy system for rented and owner-occupied apartments since 2012. Since 2017, a subsidy programme for sustainable buildings and the energy-efficient renovation of old buildings is in place. Policy goals include the reduction of national energy consumption but also the protection of the poorer population against high energy costs.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: Expert survey (National statistics 2017)

2.2 Housing tenures

The composition of housing tenures in Luxembourg show characteristics of a rather diversified two tier system, with a larger owner occupation share of about 70% as main tier, and a medium sized private rental sector as second tier. Subsidised social rental tenures comprise about 2% of dwellings.

Typical characteristics of tenures in Luxembourg		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Homeownership is most common in rural municipalities, which have a large proportion of single-family houses. In contrast, only 47% of households in the capital live in owner-occupied homes.	very large share (ca. 70% of dwellings)
Flat ownership/condominium		
Cooperative owner-occupation		
Other	Emphyteutic lease of land is an affordable housing product subsidized by the state and governed by certain selection criteria modernized in 2008 with the Housing Promotion Act. Since 2008, this model has been promoted intensely by the Government, and applied more systematically by the two main public developers involved, the Housing Fund (Fdl, created in 1979) and the National Society for Low-Cost Housing (SNHBM, created in 1919). Lease periods are 27-99 years (with the possibility of renewal). The beneficiary pays an annual fee based on the type of construction and the national consumer price.	n. a.
Rental tenures		
Market rate private/commercial rental tenures	Rental housing is associated with urban tenures mostly- The largest share of tenants' lives in the capital and its surroundings.	large share (ca. 27% of dwellings)

Special regulation regimes	In 2009, a first social real estate agency (the „Agence immobilière sociale", AIS) was established, which is a service of the Foundation for Access to Housing and is financed in agreement with the Ministry of Housing and the Ministry of Family Integration and Greater Region. The aim is to minimize the exclusion of socially disadvantaged people and to find suitable housing. AIS as well around 25 other associations having the same activity of social rental management („gestion locative sociale") play a mediating role between tenant and landlord and provides guarantees. The final tenants are offered an apartment at lower prices than those on the private market, for a maximum of three years.	
Public rental tenures		
Subsidized below market and/or privileged access rental tenures	Formally, access to social housing is restricted to defined income limits. Access criteria presuppose low income or precarious situation though. Larger housing units are reserved to households with children. The rent level is based on income and type of household.	small share (ca. 1.5% of dwellings)
Cooperative rental or similar national specific tenures		
Other		
Hybrid forms, e.g. rent-to-buy schemes		
Homelessness, temporary and informal housing		
Homelessness	According to the National Strategy against Homelessness, homeless people are defined as people without a roof, without a home or with unsafe housing. In total, there are 19 structures authorized by the Ministry of the Family, the Ministry of Health, the Ministry of Equal Opportunities, and/or the City of Luxembourg, which manage a total of 4 shelters. These include conventional reception centres with socio-educational support (night and day and night shelters), which are used by about 15% of the beneficiaries. Most of the beneficiaries of these structures (85%) are accommodated in shelters with social support.	2013 data: 715 homeless people
Asylum accommodation	Three-stage application process provided by the Office of Reception and Integration (OLAI). Throughout the process, OLAI ensures accommodation. Available accommodation refers to public and private facilities, hotels, or hostels, which are mostly managed by OLAI, but also by the Luxembourg Red Cross or Caritas. (OLAI replaced by the „Office national de l'accueil" (ONA) by a new law of 4th December, 2019)	
Informal housing		

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

The proportion of homeowners in Luxembourg varies between nationalities, with residents of Luxembourg nationality accounting for the largest proportion of homeowners. There are also differences between age groups, with 80% of the people over 65 years are owner-occupiers and household size. The overall high proportion of homeowners is also due to the current Housing Benefits Act of 1979, which regulates instruments that facilitate the acquisition and construction of residential property.

Rental tenures

Rental housing has seen an increase in demand in recent years, partly explained by the influx of foreigners and the high increase - without any interruption - of the population since more than 20 years. The result has been a greater willingness to invest in this sector, especially in the southern and central regions. Overall, the proportion of households living in rented accommodation rose from 25% to 28% between 2001 and 2011.

Homelessness, informal and temporary housing

In Luxembourg 73% of the homeless are male. About 8% of the affected are under 18 and only 12% are EU residents. It is assumed that the number of homeless people has risen sharply in recent years. There are no detailed data on homelessness in Luxembourg, but the number of people accommodated in emergency accommodation was about 2,750 in 2017. Of these, about 15% were in conventional reception centres and 85% were in emergency accommodation with social support.

Providers of Housing Services

In Luxembourg, there are three different providers of rental units: private landlords, public providers and non-profit associations. Private landlords invest in buy-to-let models or rent from the existing housing

stock (secondary market) at market prices. The public actors are usually property developers such as the FdL („Fonds du logement"), SNHBM or municipalities. Together with non-profit associations, they offer social and affordable housing (for renting, or for purchase under an emphyteusis lease, „bail emphytéotique") below the market price, with the rent being based on the income and household size of the beneficiaries.

2.4 Housing Issues

General challenges

Luxembourg has a very dynamic population growth (around 15% between 2010 and 2016) and EUROSTAT forecasts almost a doubling by 2061 (from 602,005 in 2018 to one million). Due to the attractive employment conditions, the proportion of foreign citizens is increasing rapidly (total growth of 30.7%). The supply of housing does not match these developments adequately and houses are becoming increasingly expensive. Between 2001 and 2008 alone, this meant that 7,000 people had to move to neighbouring countries of Belgium, Germany or France for affordable accommodation and commute to Luxembourg for work. The largest population increase is in the centre and south of the country, partly due to the large job imbalance. The inequality can also be witnessed in house prices, which are in average around € 3,500/m^2 in the north and more than € 7,000/m^2 in the capital. The demographic structure in Luxembourg has been relatively stable over the last few years and in 2018, there was a net increase of 1911 (6,174 children were born, and 4,263 deaths registered). Overall, the number of households in Luxembourg has increased from 144,700 in 1991 to 246,800 in 2017 while the size of households has decreased from 2.91 to 2.43. Due to the high demand and low supply, the biggest problem in Luxembourg is the availability of owner-occupied housing, rented housing, and hybrid housing. As a result, some people buy property in the nearby regions of neighbouring countries and commute to Luxembourg.

Accessibility, affordability and availability problems

Access to housing in Luxembourg is strongly linked to availability and concerns owner-occupied homes, rental housing, and hybrid housing. Growing housing prices, the 20% deposit rate, and the unfavourable ratio between prices and income (30-50% of income) are the reasons why people with middle and low incomes risks more and more to be excluded from the housing market. Foreigners with temporary contracts also face barriers as they are denied access to mortgages. As a result, some people buy property in the neighbouring countries of France, Belgium, and Germany and commute to Luxembourg. Access to rental housing is also made more difficult due to high prices, as owners generally assume that no more than 30% of income is spent on rent. The high deposits of an average of three months' rent and fees charged by estate agents (usually one month's rent) also contribute to the financial burden. Subsidized housing is only available for households up to a certain income limit. The number has been growing in recent years while the affected households are usually not rich enough to buy a house. Property owners can be distinguished between outright owners and owners paying a mortgage. Housing expenditure relative to income in 2015 was much lower for outright owners (4.9%) than for those paying a mortgage (10.8%). Compared with 2009, the situation for the latter has hardly changed (10.5%), but for the former this represents a substantial improvement (9% in 2009). The high cost of spending versus income is a problem for low-income households. Since 2010, the burden on tenants has worsened, with their average housing expenditure rising from 29.2% to 34%. As has been shown in the previous sections, there is a mismatch between supply and demand for housing in Luxembourg. The rapid growth of the population cannot be addressed by the annual construction of housing (approximately 2,100-3,800 per year between 2006 and 2016). The resulting price increase affects poorer households, as prices have a greater impact on smaller dwellings. At 1.5%, the social rental sector is currently only small. The award criteria limit it mainly to households with low income. Rents have risen in recent years, but not as much for existing tenancies. However, access is difficult and expensive for newcomers or people who want to change their place of residence. The latest report on emergency accommodation in Luxembourg (2017) shows that 22% of requests and 63% of urgent requests from affected young adults were responded to positively. For women's shelters the rate was even 50% and for urgent requests 100%. In other shelters, the rate was 19% and 33% for urgent requests (within two weeks).

3 Housing Policy

3.1 Guiding Principles of Housing Policy

In general, the government of Luxembourg sees the greatest challenge for housing policy in the massive expansion of the housing supply (public and private) in order to reduce price increases (see coalition program 2018-2023). The most important objective is to ensure that access to housing can be achieved by means of target-group-specific measures. These include subsidies and interest subsidies for homeownership, a rent subsidy, and measures for private sector tenants, and lots of state subsidies for the creation of new social and affordable housing units. The second important goal to reduce the supply gap is increasing the construction of housing for both private ownership and social rental housing. Finally, access to housing, especially for low and middle-income households, is to be facilitated through individual subsidies and fiscal measures.

3.2 Housing Policy Instruments

Name	Allowance for the financing of a security deposit („Aide au financement d'une garantie locative"); rental allowance for households in the private rental sector („Subvention de loyer")
Instrument type	Housing allowance
Tenures	Rental Housing
Description	First, relief from the high deposit (usually 3 months' rent) in the form of an allowance or state support (in the form of guarantees) to finance the deposit. The monthly rent may not exceed one third of the income. Secondly, there is a rent subsidy in the private rental sector. This is granted if the rent exceeds 25% of net disposable income and the applicant has had a regular income for at least three months. In addition, the applicant is not allowed to own a home and the apartment must be from a private provider.
Target groups	Low- and middle-income households.
Policy Formulation	National
Funding	National
Implementation	National
Importance	In 2019, the Ministry of Housing spent around € 7.45 million on the rental allowance (i.e. 0.01% of GDP).
Instrument development	It was first introduced in 2016 and recalibrated in 2018 and 2020.
Name	Housing grants for eligible households for construction, purchase or renovation of a dwelling (acquisition grant = *„prime d'acquisition"*; construction grant = *„prime de construction"*; renovation grant = *„prime d'amélioration"*)
Instrument type	Subsidy for homeowner and homebuyers
Tenures	Owner-occupied housing
Description	Luxembourg supports low to middle-income households in the purchase, construction or renovation of apartments or single-family houses (between € 250 and € 9,700 premium). The premium is increased by 30% if it is a condominium or townhouse and by 15% if it is a semi-detached house. The subsidy is only for first-time residents and is granted only once. The subsidy goes directly to the lender on behalf of the beneficiary. The criteria for this subsidy are income (in relation to the composition of the household), no other real estate and a maximum area and at least 10 years of own use without letting.
Target groups	Low- and middle-income households
Policy Formulation	National
Funding	National
Implementation	National
Importance	In 2019 the Ministry of Housing spent around € 8.5 million on construction, acquisition and renovation grants (0.15% of GDP).
Instrument development	The instrument was introduced by the law on housing assistance in 1979.

Name	Interest subsidy („*subvention d'intérêt*“) granted to eligible households paying a mortgage, and subsidies for interest relief („*bonification d'intérêt*“), state guarantee („*garantie de l'Etat*“); tax deductibility of mortgage interest; deductibility of the payment protection insurance premium; deductibility of the contribution to a property savings plan
Instrument type	Subsidy for homeowner and homebuyers
Tenures	Owner-occupied housing
Description	Low to middle-income households wishing to acquire a primary residence will be offered a number of options for subsidy to reduce the monthly burden. The interest subsidy applies to the loan of construction/purchase of the main residence, with a maximum loan amount of 175,000 (+50,000 for investments for better energy efficiency). There are also subsidies for interest reliefs. Households with children are entitled to this subsidy (0.5% interest deduction per child). The subsidy is only dependent on the size of the household and not on income. Both the interest subsidy and the interest relief subsidies only apply if no other dwelling is owned and the owner-occupancy period is at least 10 years (or as long as the subsidy is paid). In addition, there are government guarantees for households wishing to take out a loan (max. € 142,000), but the total may not exceed 40% of household income. There is also the possibility of mortgage interest being deductible from income tax (100% during construction, after that only up to a certain threshold). The premium can also be deducted from payment protection insurance (€ 6,000 per household + € 1,200 per child). Both deductions also apply if another apartment is owned, but only the main residence is eligible. Finally, there is the possibility to deduct a property saving plan if it contributes to saving for building, purchasing or renovating. Non-resident taxpayers can also deduct building savings contributions as special expenses. However, a precondition is that they are paid into an approved home purchase saving institution in Luxembourg or in an EU member state.
Target groups	Low- and middle-income households
Policy Formulation	National
Funding	National
Implementation	National
Importance	In 2017, the Ministry of Housing spent around € 28.7 million on interest subsidies („*subvention d'intérêt*“) and subsidies for interest relief („*bonification d'intérêt*“), i.e. around 0.05% of GDP
Instrument development	No reforms.
Name	Tax credit for notary deeds („*Bëllegen Akt*“)
Instrument type	Subsidy for homeowner and homebuyers
Tenures	Owner-occupied housing
Description	To provide financial relief in the acquisition of residential property, the costs for notarial deeds were reduced. Anyone can take advantage of this support several times but can receive a maximum subsidy of € 20,000. A married couple can add up this sum and receive, for example, € 40,000 to cover notarial costs. Prerequisites are at least a permanent residence in Luxembourg and at least 2 years of personal use.
Target groups	All households involved in homeownership
Policy Formulation	Administration of registration, domains and VAT („Administration de l'enregistrement, des domaines et de la TVA“) - one of the three fiscal administrations in Luxembourg
Funding	Administration of registration, domains and VAT („Administration de l'enregistrement, des domaines et de la TVA“) - one of the three fiscal administrations in Luxembourg
Implementation	Administration of registration, domains and VAT („Administration de l'enregistrement, des domaines et de la TVA“) - one of the three fiscal administrations in Luxembourg
Importance	In 2017, almost 13,000 individuals benefited from this instrument. The opportunity cost for the state equivalent to the tax credit on notary deeds („*Bëllegen Akt*“) amounted to around € 153 million in 2017 (i.e. 0.3% of GDP).
Instrument development	No reforms.

Name	Taxation: specific tax on unbuilt land plots, specific tax on unoccupied dwellings, land tax B6
Instrument type	Subsidy for homeowner and homebuyers
Tenures	Owner-occupied housing
Description	For increasing the supply, incentives for the construction of housing will be created by taxing undeveloped land, vacant apartments or land intended for housing construction (property tax B6). The regulations were adopted in the 2008 Housing Construction Pact and give municipalities the opportunity to set incentives for housing construction. However, it is not compulsory. Empty plots of land must be vacant for at least three years and dwellings must be unused for at least 18 months. There are no specifics regarding the levying of property tax B6.
Target groups	Owners of unbuilt land plots, owners of vacant dwellings
Policy Formulation	Specific tax on unbuilt land plots: Ministry of Housing („Ministère du Logement“) Specific tax on unoccupied dwellings: Ministry of Housing („Ministère du Logement“) Land tax B6: Ministry of the Interior („Ministère de l'Intérieur“)
Funding	Specific tax on unbuilt land plots: municipalities (optional) Specific tax on unoccupied dwellings: municipalities (optional) Land tax B6: municipalities (optional)
Implementation	Specific tax on unbuilt land plots: municipalities (optional) Specific tax on unoccupied dwellings: municipalities (optional) Land tax B6: municipalities (optional)
Importance	The Third Monitoring of Housing Pact Law 2018 showed that only eight municipalities had introduced a specific tax on unbuilt land plots and/or a specific tax on unoccupied dwellings by the end of 2017. In comparison 80 municipalities had introduced a land tax B6 by the end of 2017 (but with a very big range of rates depending on municipalities).
Instrument development	Introduction 2008
Name	Taxation: reduced to 3% VAT for homebuyers willing to occupy the unit
Instrument type	Subsidy for homeowner and homebuyers
Tenures	Owner-occupied housing
Description	In order to reduce the cost of building or renovating a dwelling, a reduced tax rate of 3% (instead of 17%) can be applied (direct application or refund). The maximum benefit is € 50,000. A dwelling is defined as any building or part of a building that is a separate entity (e.g. a flat or apartment) and can be used as a main residence (including internal common areas such as cellars, corridors, etc.). If less than 75% of the area is used as the main residence, the tax credit is only granted for this proportion.
Target groups	Homebuyers willing to occupy the unit
Policy Formulation	Administration of Registration and Properties
Funding	Administration of Registration and Properties
Implementation	Administration of Registration and Properties
Importance	The opportunity cost for the state equivalent to the reduced-rate VAT (either through a direct application of the 3% rate or a reimbursement) amounted to around € 209 million in 2017 (i.e. 0.4% of GDP).
Instrument development	Recalibration 2015 (towards narrowing scope). The rental investments and secondary residences are not eligible any more to the 3% reduced rate VAT and the normal VAT rate increased from 15% to 17%.
Name	Subsidies granted to public, non-profit or private developers constructing housing for sale or rent at moderate costs
Instrument type	Subsidised housing
Tenures	Owner-occupied housing; Rental Housing
Description	1. Building subsidies for public developers („Aides à la construction d'ensembles“) for affordable homeownership: The State's participation in the financing of land acquisition, planning and construction of dwellings by public developers (e.g. „Fonds du Logement“, „Société Nationale des Habitations à Bon Marché“ and municipalities): 50% of the costs of studies; 50% of the purchase price of land in the case of emphyteusis; 50% of the costs resulting from the development of building plots; 70% of the costs resulting from the development of the playgrounds and green spaces; 70% of interest charges on borrowings (up to 24 months). The Ministry of Housing may set price ceilings for the development of land and housing construction. 2. Building subsidies for public developers („Aides à la construction d'ensembles“) for rental dwellings - The State's participation in the financing of land acquisition, planning and construction of dwellings by public developers („Fonds du Logement“ - FdL, „Société Nationale des Habitations à Bon Marché“ - SNHM, and municipalities) and by private promoters. The subsidies depend upon the nature of the developer: for units built by a municipality, non-profit organization, foundation, etc. subsidies up to 75% of the price of construction, acquisition, renovation and remediation. For units built by the FdL or the SNHBM: 70% of the price of construction, acquisition, renovation and remediation. For legal persons of private law: subsidies up to 50% of the construction price.
Target groups	Low- and middle-income households, students, elderly, disabled people
Policy Formulation	National
Funding	National
Implementation	Public developers including municipalities, Fond du Logement (FdL), National Society for Low-Cost Housing (SNHBM) and private developers as well as non-profit associations.
Importance	In 2019, the Ministry of Housing spent around €84.3 million on the building subsidies, or 0.15% of GDP.
Instrument development	The instrument has existed since the law on housing assistance from 1979 and has since been slightly modified in the specific subsidies.

Name	Loans for energy-efficiency works: Energy efficiency grant („Prime House"), climate loans („KlimaPrêts")
Instrument type	Energy-related instrument
Tenures	Owner-occupied housing
Description	In order to promote energy efficiency, there are grants for the construction of new homes or the renovation of existing properties. Existing buildings that are at least 10 years old and located in Luxembourg can receive grants for specific investments, such as thermal insulation, the use of photovoltaic systems or heat pumps, with the „PRIME HOUSE" grant. The subsidy is possible for single-family houses for max. 150m² and for apartments for max. 80m² of the energy reference surface and amounts to a maximum of 50% of the costs. Private persons, non-profit associations, non-commercial real estate companies as well as private and public developers can apply for energy efficiency grants. An energy consultant must prepare a report for this purpose. He or she must not have already received a grant from the 2009 subsidy program. There are also so-called climate loans, the interest-free climate loans, and the low-interest climate loans. The Single Point of Contact for Housing Benefits is responsible for this and is granted by authorized banks. They are available for the fees for the services of an energy consultant (max. € 1,500) and the interest on the loan, which amounts to max. € 50,000. Interest-free loans are for households below a certain income. Dwellings built after 01 September 1944 may have a usable area of between 65m² and 140m² for a detached house and between 45m² and 120m² for an apartment. No one in the household may own or participate in another dwelling. The subsidised flat must have been owned for at least 20 years.
Target groups	Low- and middle-income households
Policy Formulation	Energy efficiency grants: Ministry of Energy and Land Planning (Ministère de l'Energie et de l'Aménagement du Territoire) Climate loans: Ministry of Housing (Ministère du Logement)
Funding	Energy efficiency grants: Ministry of Energy and Land Planning (Ministère de l'Energie et de l'Aménagement du Territoire) Climate loans: Ministry of Housing (Ministère du Logement)
Implementation	Energy efficiency grants: Ministry of Energy and Land Planning (Ministère de l'Energie et de l'Aménagement du Territoire) Climate loans: Ministry of Housing (Ministère du Logement)
Importance	In 2017 (first year of implementation of the new scheme), the Ministry of the Environment spent around € 481,000 on energy efficiency grants. In 2018 (second year of implementation of this new subsidy scheme), the Ministry of Housing spent around € 25,000 on climate loans.
Instrument development	Both subsidies were introduced in 2017 in its current form.
Name	Mandatory reservation of 10% of the net surface, or of dwellings, for housing at moderate costs in residential projects covering at least one hectare
Instrument type	Planning-related instrument
Tenures	Owner-occupied housing
Description	Residential projects that reach a total area of over one hectare must have a mandatory share of housing at moderate prices of 10%. The aim is to increase and diversify the supply of housing.
Target groups	No specific target group.
Policy Formulation	National
Funding	National
Implementation	National
Importance	n. a.
Instrument development	None.
Name	Preemption right given to municipalities and FdL
Instrument type	Property right regulation
Tenures	Owner-occupied housing
Description	To secure apartments at moderate prices, the 2008 Housing Pact provided for the right of first refusal for public authorities. This applies to the State for the land necessary for the implementation of the sectoral master plan „Housing", the municipalities for the land in the development zones and areas to be restructured and the Housing Fund for the land in land reserve areas, deferred development zones and lands adjacent to and outside the perimeter of the agglomeration perimeter. This priority right over other persons serves to create affordable or social housing, to build public facilities, to provide public services or to fight against the existence of abandoned land.
Target groups	NA
Policy Formulation	National
Funding	National
Implementation	National
Importance	The third monitoring of the Housing Pact Act from 2018 showed that the right of first refusal was used by the municipalities and the FdL for an area of 21.9 ha in the period 2008-2016 (17.4 ha were bought by the municipalities and 4.5 ha by the „Fonds du Logement").
Instrument development	The instrument was introduced in 2008. In April 2017, extensions were introduced in the „OMNIBUS" law.

3.3 Reform trends

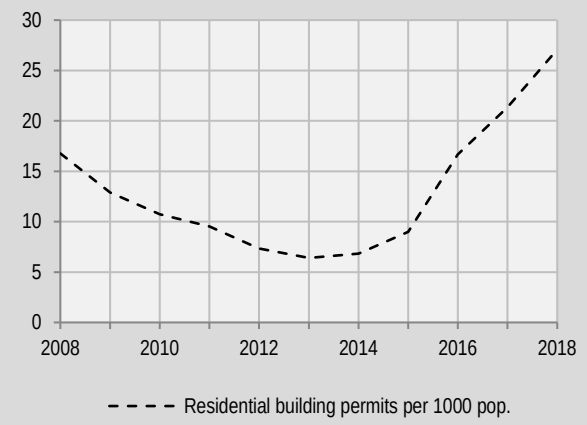
Current housing policy in Luxembourg is characterized by the introduction of new instruments in the area of housing allowances and subsidies for homeowners and homebuyers, and recently also for tenants. At the same time, the multitude of subsidies for homeowners and homebuyers is particularly prominent, some of which have a long history, others of which have recently been recalibrated. Overall, a reform trend focusing on subject-oriented instruments can be observed: 1) A complete reform of the main law on housing subsidies of 25th February 1979 is currently prepared by the Ministry of Housing, and the relevant law project is scheduled to be finalised during the first half of 2021, before being deposited in the Parliament. The law project n°7642 recently deposed foresees some important precisions and clarifications of the law of 21nd September 2006 on rents („bail à usage d'habitation" for private rents), and especially the introduction of the more and more popular regime of flat sharing („colocation") in the law on rents including rules and obligations which will have to be respected by the owner and the co-tenants („colocataires") in case of a „colocation". Another important law project currently discussed in the Parliament is the law project n°7648 foreseeing a new Housing Pact with the municipalities in order to increase the supply of affordable and sustainable housing (called the new „Housing Pact 2.0"). It foresees that the municipalities will get a housing adviser („Conseiller logement") – financially subsidised by the State – who will e.g. help every interested municipality in the elaboration and in the concrete implementation of a local housing programme („Programme d'action locale logement (PAL)"), as well as a lot of state subsidies in case of creation of new housing units. The new „Housing Pact 2.0" presents a new approach for the housing policies on the local level.

Malta

Population (million, 2018)	0.48	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	18.8	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	0.70	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	30.5	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	315	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	17.5	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	1548.3	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	21,540	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	99.8	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	n. a.	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	40.4	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	19	EUROSTAT, series t2020_50

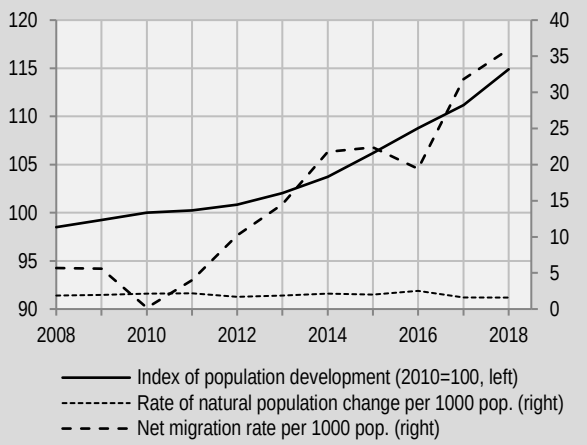
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



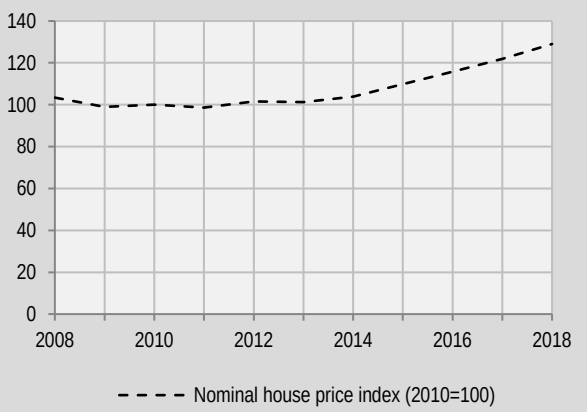
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



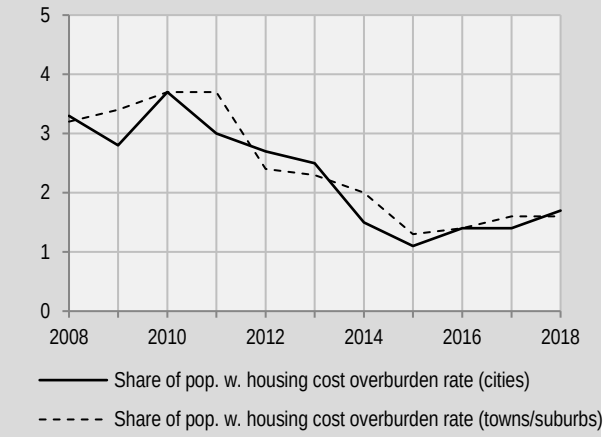
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Kurt Xerri has been involved as national expert.

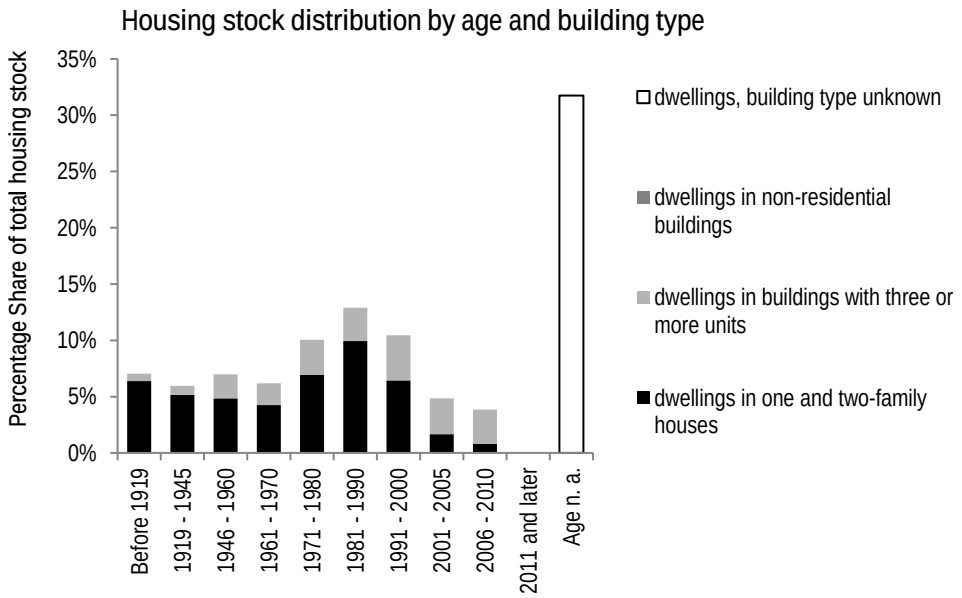
1 Governance structure

In Malta, the national level is the only the national level of government involved in housing policy and administration regarding housing. Among the Ministry for Social Accommodation there are three other Ministries which are in charge regarding housing policy. The MSA is responsible for duties and responsibilities regarding the provision and maintenance of Social Housing, issuance of rent subsidies, affordability issues and housing assistance issues. Ministry for Transport, Infrastructure and Capital Projects (MTIP) is in charge of development, planning and the regulation of the construction industry. Fiscal aspects regarding housing are one of the functions of the Ministry of Finance. Due to the fact Malta is the smallest country in the European Union the whole country is a single region at NUTS level I and II. Regarding housing there is no regional devolution of competences. On NUTS level III there are two regions. Among the first region, mainland Malta the two other inhabitant islands of the country, Gozo and Comino are building the second region. However, the duties and responsibilities regarding housing remain within the remit of the central government. There were no vertical or horizontal shifts, but still some movement regarding housing took place. The most relevant development was the present administration's decision to install the MSA as a new ministry with the main duty being the management of social accommodation. The establishment of the new administration body was a result of increasing housing distress among more vulnerable categories.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The age distribution of the housing stock in Malta shows a higher share of residential construction in the 1970s to 1990s. Age related information of a large share of the dwelling stock is missing, though. New construction after 1990 represents less than 20% of the total stock; recent figures for the period after 2011 are not available, though. Almost 50% of the dwellings are in houses with one or two dwellings. Looking at the regional distribution of dwelling types by regional characteristics, Malta represents a unique case of a very high degree of urbanisation, but disproportionately lower shares of population in multifamily houses. There are some shortcomings regarding the private rental sector, the dwelling stock in the urban cores, and rural vacant buildings, but in total two-thirds of those dwellings are considered to be in a good state of repair. Ca. 5% needed structural repair. The housing authority offers various grants for refurbishment works. Concerning energy efficiency policies in the housing stock, the limited resources of a densely inhabited island need to be respected. In order to intensify investment in the energy efficiency of the national dwelling stock, the Building Regulation Board is establishing a long-term strategic planning in line with EU directives and National Action Plans.



Source: EUROSTAT Zensus Hub (to 2011); 2012 and later: no data available

2.2 Housing tenures

Malta is a representative of a group of South-Western European Member states with relatively strongly concentrated tenure systems. Typical for this group is an average share of owner- occupied tenures of about 75%, and about 25% rental tenures, not considering other forms of use. As a specific case within this group, Malta offers a relatively large share of non-market rate tenures, but with an increasing relevance of market rate rental over the last decade. Thus, the actual share of market rate rental tenures is estimated at about 10% of the total stock.

Typical characteristics of tenures in Malta		
Tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Ownership is defined as „the right of enjoying and disposing of things in the most absolute manner, provided no use thereof is made which is prohibited by law". The Planning authority is predominantly responsible for limitations to development of immovable property by establishing planning rules and policies.	large share (ca. 60% of dwellings)
Flat ownership/condominium	Regulated by the Condominium Act (Chapter 398 of the Laws of Malta). Ownership, use and enjoyment of the common parts of a building is executed by all owners in common, while the rights of the exclusively owned units are within the individual owner. Decisions regarding the maintenance and renovations of the common parts are regulated by quota/majority rules. Management is transferred to an administrator elected by the committee of co-owners.	
Cooperative owner-occupation		
Other	- Emphytheusis/ground rent: mostly provided by government or church agencies under the successive Home Ownership Scheme (HOS) - Equity Sharing or shared Ownership: various programs designed to assist first-time buyers wishing to purchase property from both the government as well as the private sector with reduced equity requirements, formally by leaving a share of ownership within the Housing Authority's possession with a right to buy later. - Usufruct is regulated by the Civil Code, and terminates upon the death of the usufructuary, who remains entitled to derive any use or profit from the premises until the date of the said termination. - Other forms of regulated transfer of use rights like commodatum, precarium or rent-free use of property	Emphytheusis groundrent (medium share, ca. 17%)

Rental tenures		
Market rate private/commercial rental tenures	Applies to all leases negotiated after 1995. As a reaction to pre-existing overregulated rent regimes, no legal restrictions regarding rent setting and duration of contract apply.	Small share (5% according to census 2011 data, estimated at ca. 10% of dwellings)
Special regulation regimes	Controlled Leases: apply to contracts before 1995 based on the Re-letting of Urban Property (Regulation) Ordinance (Cap. 69) and the Housing (Decontrol) Ordinance (Cap. 158). Tenants enjoy a high degree of protection in terms of rent levels and security of tenure, including transfer of tenure status. Since a liberalisation in since 2010 rents can be indexed, and stricter rules regarding transfer and termination of contract apply.	Small share (9% of dwellings)
Public rental tenures		
Subsidized below market and/or privileged access rental tenures	This sector of the rental markets is compound of government-owned units. Rental amounts are low since they are set in favour of low-income group. Furthermore, tenants enjoy a high level of security regarding tenure.	Small share (ca. 5% of dwellings)
Cooperative rental or similar national specific tenures		
Other		
Hybrid forms, e.g. rent-to-buy schemes		
Homelessness, temporary and informal housing		
Homelessness	Homelessness is defined by the National Statistics Office as „persons who are not usual residents in a living quarter category. These can be persons living in the streets without a shelter that would fall within the scope of living quarters (primary homelessness) or persons moving frequently between temporary accommodation (secondary homelessness)".	estimated at less than 300 people
Asylum accommodation	Initial Reception Facility, Open Centres, which are not permanent residences managed by the Agency of the Welfare of Asylum Seekers or an entity or in cooperation with an NGO. Refugees without access to sufficient financial means which are residing in Malta for over twelve months can apply for access to social housing.	varying
Informal housing	Illegal constructions are mostly built in coastal areas for touristic use.	estimations not available

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

The first post-war Census in 1948 showed that 23% of the household were living in an owner-occupied property. 63 years later in Malta more than 75% of households are living in owner-occupied properties. This was not only the result of conservative welfare politics that fostered home-ownership as a means to secure households' social and financial welfare. Rising property prices increased the notion of property as an asset, strengthening the role of housing as a prime target of investment, also due to the lack of other domestic financial products. Ownership is distributed over all age groups and socio-economic categories due to the promotion of Maltese government through the last seven decades. Affordable prices of property and generous terms granted by domestic banks prevent high obstacles regarding access to ownerships. The continuing increase of the population by strong migratory inflows has increased the demand of property leading to rising property prices, preventing access to owner-occupation for lower income households. Thus, it can be expected that the share of home-ownership will not increase further.

Rental tenures

The tenure of private renting at market prices is mostly targeted to younger households with temporary housing demand. Permanent residency in the rental market is restricted to those who lack financial resources for down payments and access to mortgages. Market rate rental tenure applies to contracts from June 1st 1995 when deregulation of the rental system initiated. The rent can be negotiated freely between the contracting parties. Furthermore, the Maltese Civil Code does not set a minimum duration for contracts of lease so they can also be freely negotiated for any amount of time by the contracting parties. Furthermore, termination is possible without notice. This radical deregulation contributed to the rent affordability crisis in the years after 2014. In response to this development, several Government

White Paper recommendations were published in order to increase the resilience of the rental sector.
The category of controlled leases represents an important share of the Maltese tenant population. This applies to all rental contracts before June 1st 1995. Rents were practically fixed below cost level and security of tenure allowed even for the intergenerational transfer of contracts, rendering letting activities economically inviable. As a result of legal action in front of the European Court of Human Rights, several amendments were initiated in order to improve the situation, e.g. since 2010 rent indexing was introduced and the transfer of contracts was restricted to a few exemptions. This tenure is more common among elderly. The housing units used for social housing are owned by the government, which provides tenants a strong security of tenure. The fact that the government does not monitor these social tenants sufficiently, which caused many households remain in occupation of government dwellings beyond the period during which they would be entitled to draw some criticism. The category social housing is typically in association with the more vulnerable groups of the population. Due to changing local patters and demographic changes, rental tenures are expected to increase in the coming years by the White Paper.

Homelessness, informal and temporary housing

While the problem has been neglected in the face of strong family –based solidarity structures, it can be noted that homelessness is more and more becoming a problem in Malta, also caused by the growing housing affordability crises. Among personal issues and an increasingly individualistic society the raising number of homeless people is also attributed to the fast-economic growth which rendered the property market increasingly unaffordable, especially for low-income earners. To supply the need of the most vulnerable groups the Parliamentary Secretary for Social Accommodation announced in 2019 the funding of targeted housing programmes.

Providers of Housing Services

In Malta, the only two providers of housing services are private landlords and the government.

2.4 Housing Issues

General challenges

Migration has been an important factor increasing rental prices. Due to the steady influx of foreigners seeking employment on the island rents have increased significantly for the first time since decades. The increase in rental demand causes internal migration. Quite a few Maltese households, which were renting in the central areas of Malta are forced to move to the Northern or Southern parts of the island, especially to former resort towns where rents are more affordable. Some historical cities also witnessed processes of gentrification following projects of urban restructuring and embellishment. Not a major issue but also relevant are the ageing society and the decreasing household size, leading to a lack of smaller dwellings. Energy or climate related issues do not have any significant impact on the housing market in Malta.

Accessibility, affordability and availability problems

Due to increasing house prices in certain urban areas, lower income and middle-income groups are increasingly affected by affordability problems since 2014. Calculation show that a young individual in her/his mid-twenties needs to earn an annual income of € 20,000 to purchase a property in the cheapest areas of the island. The average annual basic salary of employees was estimated at around € 19,000 for the third quarter of 2018. Affordability problems regarding rental housing are mainly relevant for lower income groups. There is a highly increase in the number of applications for social housing in Malta due to high rents and evictions. Between 2012 and 2016, the proportion of tenants who were at risk of poverty has increased by 33.3%. There are no larger racial or ethnic issues in Malta affecting access for homeowners. In the rental sector, the National Commission for the Promotion of Equality pointed out that there is a strong element of discrimination on local housing markets. Due to a lack of information regarding the rights and obligations emanating from the Racial Equality Directive, numerous incidents of discrimination towards persons from Sub-Saharan and North Africa as well as the Middle East have been reported. There is no data available on whether the private market is producing enough disability-friendly dwellings. In government-owned social housing, access issues have been reported and the Housing Authority has started to install elevators in government-owned residential blocks where this was physically possible. Finally, stricter regulations on the private rental sector are in effect since January 2020,

stipulating a one-year minimum duration for lease agreements, while landlords have to give three months' notice in the case they do not want to renew the agreement.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

Housing policy in Malta is based on three main pillars: ownership, private renting and social housing. The main focus is on the promotion of home ownership reflecting the high percentage of the population (estimated up to 80%) living in owner-occupied premises. Currently, government initiatives seek to improve the affordability of home ownership by social loans. Regarding the private rental sector, an ongoing liberalization causes a minimum level of control regarding contractual duration and obligation for all residential lease agreements to be registered. The Housing Authority has introduced measures following a growing demand for ownership and other alternatives. In recent years, social housing has not received any greater attention. Between 2010 and 2017, only 14 new dwellings for social housing have been built. Plans to cover 683 households announced by the Ministry for Social Solidarity, Children's Rights and the Family in 2017 can be considered first step towards a new social housing stock. By September 2018, there were 3,291 outstanding applications for social housing. The main player regarding the development of these principles is the Central Government, in particular the Parliamentary Secretariat of Social Accommodation within the Ministry for Social Solidarity, Children's Rights and the Family, which has been elevated to the level of a ministry in January 2020 and is now called the „Ministry for Social Accommodation".

3.2 Housing Policy Instruments

Name	Housing Benefit on Privately Rented Dwellings
Instrument type	Housing allowance
Tenures	Rental housing
Description	The instrument provides a benefit for tenants on their payments for premises leased as their ordinary residence in order to make the rent affordable. It is based on the annual income and the rent being paid.
Target groups	Low income households - tenants renting privately
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	n. a.
Instrument development	The instrument was altered in 2019 by revoking the existing cap of € 2,000 per year. The aim of recalibrating the instrument is to ensure that benefits better reflect the actual need of households.
Name	Social Loan
Instrument type	Subsidy for homeowner and homebuyers
Tenures	Owner-occupied housing
Description	The instrument is designed to enable homeownership for persons despite their inability to save for the initial payment (approx. 10% of the total price). The subsidy is limited to € 167 a month. Also, notarial fees concerning the signing of the final deed may be financed by the housing authority under this provision.
Target groups	Low-to-middle income renting households, who require assistance in order to become homeowners. Especially middle-income renting households who require little assistance to shift into the owner segment of housing.
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	In August of 2018, 16 deeds of sale had been signed through this scheme, 37 applicants had signed the promise of sale and 41 applicants were in the process of concluding negotiations with the seller
Instrument development	Following the introduction in 2016, recalibration were made concerning the maximum grant (to € 120,000), increasing the income thresholds (to € 18,000 for single individuals, € 19,000 for single parents and € 20,000 for couples).

Name	First Time Buyers (Exemption) Scheme
Instrument type	Subsidy for homeowner and homebuyers
Tenures	Owner-occupied housing
Description	The instrument targets the reduction of the contribution of individuals or couples while buying their first residence. No duties have to be paid on the first € 150,000 of the aggregate value for the acquisition of a property.
Target groups	Young couples and individuals seeking to buy their first residence
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	In 2014 and 2015, up to 2,937 (2014) and 2,982 (2015) property purchases were facilitated by this scheme.
Instrument development	The instrument was recalibrated in 2013, decreasing the duties for buying to 3.5%. Additionally, the rebate on duties for a part of the deed amount was converted to a full exemption. It is currently discussion to increase the threshold for duty-free purchase to € 200,000.
Name	Shared Equity Scheme
Instrument type	Subsidy for homeowner and homebuyers
Tenures	Owner-occupied housing
Description	Applicants would have to buy at least one half of the entire equity of the residence with the government buying the remaining share. The applicant would then be bound to buy this latter share from the Housing Authority at the same price acquired by it after 20 years. The equity purchased by the applicant could also be financed by a private bank. Target Group: Applicable to persons of at least 40 years of age who would be facing difficulties accessing the property market.
Target groups	Applicable to persons of at least 40 years of age who would be facing difficulties accessing the property market.
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	n. a.
Instrument development	Introduction in 2019
Name	Scheme for the Rehabilitation of Vacant Dwellings for Rent
Instrument type	Subsidised Housing
Tenures	Rental housing
Description	The instrument supports owners of rented apartments in their efforts to undertake necessary repairs on his property under the condition that the unit is rented out to the housing authority for social housing afterwards for ten years. The initiative aims at the use of unoccupied dwellings in order to bring them back into the market. The maximum grant is capped at € 25,000.
Target groups	Owners of unoccupied dwellings (direct), low income households, specifically, social housing applicants (indirect)
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	n. a.
Instrument development	Introduction in 2018
Name	Renting to Assist
Instrument type	Instrument for the public rental of housing
Tenures	Rental housing
Description	The instrument supports private owners of vacant property with up to three bedrooms to lease the dwelling to the housing authority for 10 years. The housing authority uses the dwelling to accommodate persons who are eligible for social housing while also administrating the dwelling (i.e. collecting the rent and maintenance payments).
Target groups	Low-income households, specifically, social housing applicants.
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	n. a.
Instrument development	The name of the instrument was changed.

3.3 Reform trends

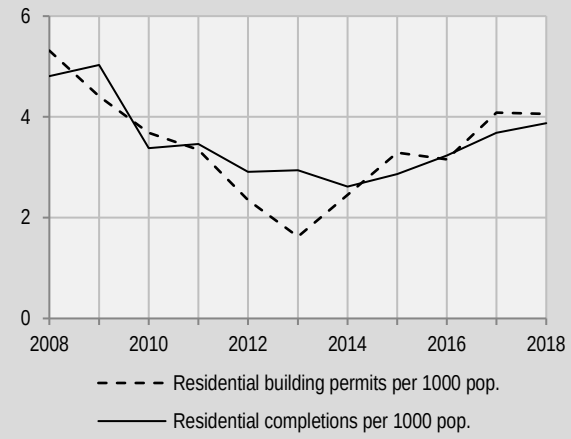
Housing policy development in Malta has recently been characterised by new activities to create affordable housing after the affordability crisis reached its climax in 2017 and 2019. The recently introduced instrument for social housing is the most comprehensive programme in this area for almost a decade. At the same time, regulatory discussions on tenancy law are gaining in importance. Within in the scope of the White Paper entitled „Renting as a Housing Alternative" on the regulation of the Private Rented Sector the government initiated 2018 reform trends regarding housing policy. Cooperation with NGOs in form of Public Private Partnerships aims to increase the accessibility of shelters.

Netherlands

Population (million, 2018)	17.18	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	18.9	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	17.79	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	23.7	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	41,540	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	12.9	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	504	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	41,450	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	89.3	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	25,809	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	42.6	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	16.7	EUROSTAT, series t2020_50

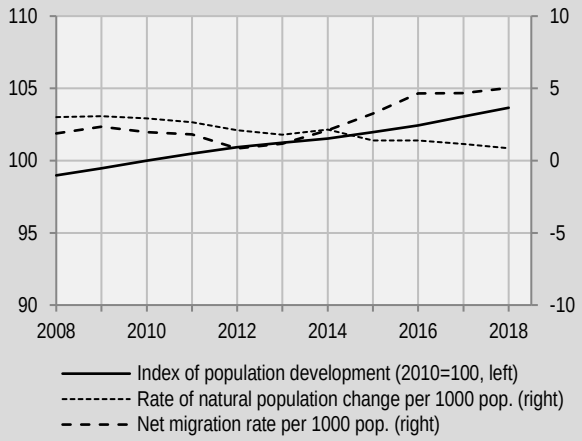
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



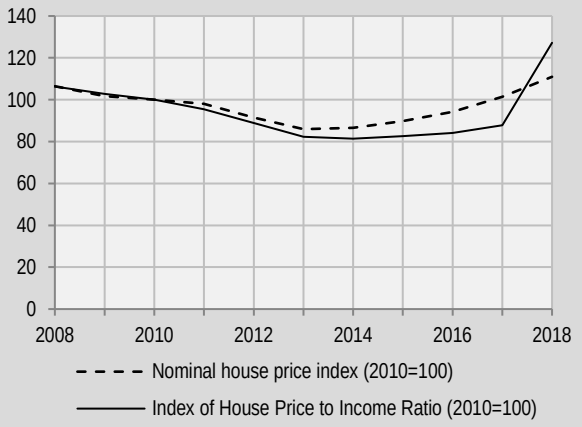
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



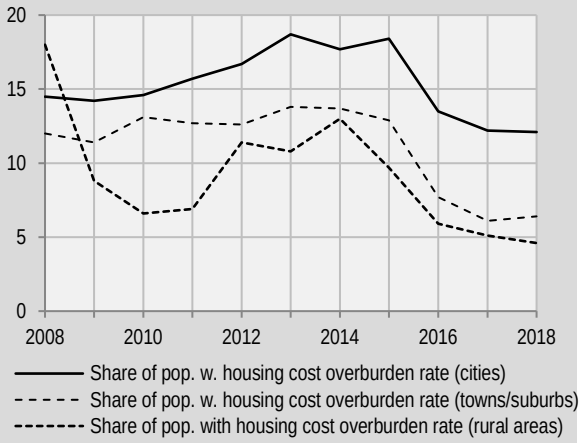
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

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1 Governance structure

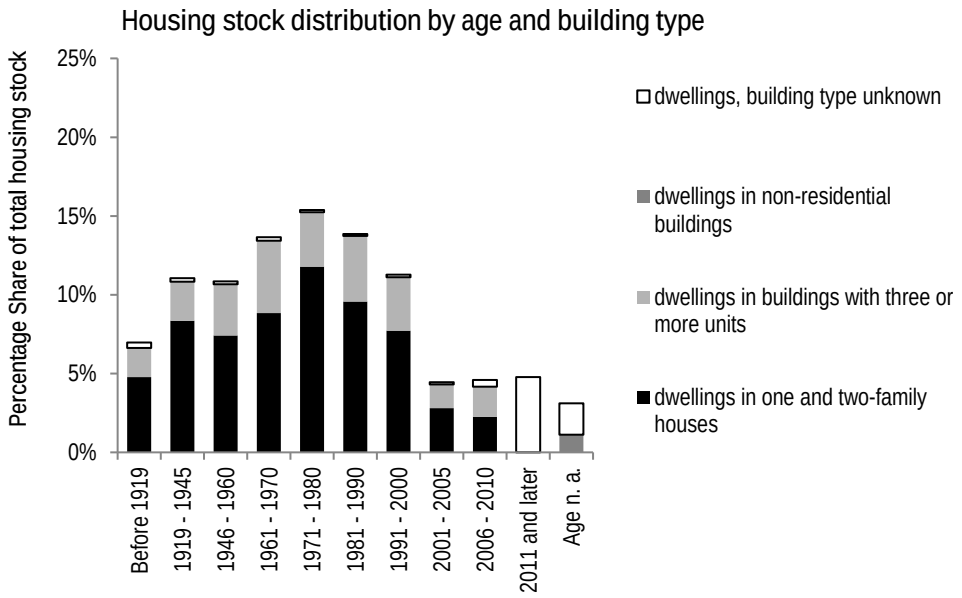
Housing policy in the Netherlands is divided between the national, regional and local levels of government. At the national level, the Ministry of the Interior and Kingdom Relations (IKR), or more precisely the „Directorate-General of Public Administration, Spatial Planning and Housing", has the main responsibility for housing policy. This department comprises the subdivisions „Housing Market", „Construction and Energy" and „Spatial Planning". The former is responsible for regulation in the rental market, including housing companies and the owner-occupied housing market. The second sets guidelines in the areas of housing construction, housing stock and energy transformation. The latter covers legal and planning matters in the area of national spatial policy and its impact on regions and municipalities. In addition to the IKR, two other ministries are involved in housing policy. One is the Ministry of Finance, which is particularly concerned with demand-oriented policy instruments, such as the housing allowance as part of the Dutch tax revenue system. On the other hand, the Ministry of Infrastructure and Water Management, with its department "Housing Authority", is responsible for providers of social housing. At the regional level, the twelve provincial governments operate as a kind of intermediate level of government, which is responsible for coordinating and adapting local spatial planning policy (and thus including housing) to the national framework. Each provincial government has an executive body, which is headed by a Commissioner of the King and consists of different representatives of the Provincial Council. In each province there is one representative responsible for housing, often also covering other areas. Especially in the social and spatial areas, responsibility has been shifted from the national to the regional and the local level in recent years. As a result of this decentralization, the provinces are increasingly coordinating (supra-)regional interests. In addition, voluntary interregional cooperation is promoted by the national level. At the local level, municipalities are free to organize the responsibilities for housing among their administrations themselves. They are mainly responsible for the implementation of housing policy measures. The main municipal actor is usually the Environment and Construction Administration, which is responsible for operations and development, covering everything from securing good housing conditions to working for a changed resident composition in deprived areas. In some municipalities, a unit has been set up within the Mayor's office in relation to deprived housing areas, which shows the importance put on solving the challenges in those areas. Its purpose is to coordinate the efforts in relation to deprived housing areas, including housing. In most cases, the local governments, especially in cities, will have two departments, which are involved in housing related issues. The social services department has the responsibility for housing of specific groups, such as the elderly and people with disabilities. The planning department has the responsibility for the municipal planning of housing. Municipalities have begun to formulate local housing policies in recent years, while previously the main municipal focus was on planning and only the major cities had a local housing policy. On the other hand, the municipalities take responsibility for (super-)local coordination within a province, but they are supported by the provinces. The local level in the Netherlands can be subdivided into forty so-called COROP regions, in which a total of 400 municipalities can be found. The COROP regions are used for cooperation between province, municipality, and/or other governmental agencies. An example of this is the Metropolitan Region of Amsterdam, where three provinces and 32 municipalities collaborate on housing market research and other housing projects. Since 2015 there is a new Housing Act that requires housing associations to operate within the COROP region, but exceptions can and have been approved by the responsible minister. Housing policy at the local level varies depending on size and other features (e.g. urban/rural). All municipalities have a governance body in form of a „Cabinet of Mayor and the Alderman" and housing is assigned to the department of an alderman. Each municipality also has a department

responsible for housing policy, spatial planning, construction and land policy, but the organization varies from municipality to municipality. Only in 2010 there was a horizontal shift in the Netherlands when the Ministry of Housing and Spatial Planning was split up. In this case the responsibility for spatial planning was assigned to the Ministry of Infrastructure and Environment and housing policy was allocated to the IKR. Overall, there were no major vertical changes because local authorities and provinces traditionally play an important role in the Netherlands. The Housing Act of 2015 again strengthened the local authorities and obliged them to conclude an annual performance agreement for affordable housing between municipality, housing associations and tenant organizations.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The age distribution of the Dutch housing stock shows a relatively low share of pre 1918 dwellings. The construction activity increased after 1945, with a peak in the 1970s and a steadily declining share of new construction after. Less than 30% of the stock is aged 1990 or younger. About two third of the dwellings are in houses with one or two dwellings, which is a comparatively high share within the EU Member States. Regional housing types differ, with 65% of the urban population living in single family houses, while in rural areas on average more than 90% of the population lives in single family houses. The overall quality of the housing stock is adequate. In all tenures, the main challenge lies in improving the energy performance of residential buildings. This problem has increased since the Dutch government implemented policies to reduce the use of gas. Instead, the current focus is on renewable energy sources, heat pumps and heating networks. To improve energy efficiency, the social housing sector, which accounts for a third of the total housing stock, is seen as an important player.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: EUROSTAT, National Statistical Offices, European Mortgage Federation Federation (calculated from cumulative housing completions t o2018)

2.2 Housing tenures

The Dutch tenure composition can be described as a rather diversified tenure systems with a comparatively small owner-occupied share (less than 60%). Within rental tenures, the social sector is larger than the private rental. In general, relationships between owner-occupation, market rate and social rental tenures can be described as rather complementary, i.e. they serve rather different social groups and housing demands.

Typical characteristics of tenures in the Netherlands		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	The most common tenure in the Netherlands is home ownership, which includes terraced, semi-detached and detached houses.	very large share (ca. 57% of dwellings)
Flat ownership/condominium	Ownership of flats is regulated in apartment rights, which include individual rights and responsibilities, as well as responsibilities for the common areas.	
Cooperative owner-occupation	The Housing Act 2015 introduced support for cooperative housing for low income groups for the first time. Since then, only few examples were initiated	Niche, estimations not available
Other	Usufruct	Niche, estimations not available
Rental tenures		
Market rate private/commercial rental tenures	Market-based rents in the Netherlands are regulated by two legal frameworks: Book 7 of the Dutch Civil Code regulates the rights and obligations of tenants and private landlords and the so-called Implementation Act for Rents in Residential Homes. Supply ranges from individual private landlords to large institutional providers.	medium share (ca. 13% of dwellings)
Special regulation regimes		
Public rental tenures		
Subsidized below market and/or privileged access rental tenures	Key elements of the regulatory framework are the Housing Act (Woningwet), the Social Housing Management Order (Besluit Toezicht Instellingen Volkshuisvesting) and the Act on Tenant - Landlord Consultation (Wet op het overleg Huurders Verhuurder). The regulation on rents and rights and responsibilities of tenants and landlords is equal to private rental housing. Rents are set according to quality standards and are subject to a rent ceiling to qualify for social housing	large share (ca. 30% of dwellings
Cooperative rental or similar national specific tenures		
Other		
Hybrid forms, e.g. rent-to-buy schemes	No legal framework for hybrid or mixed housing. However, individual initiatives by non-profit housing associations and for-profit actors can be observed that resemble hybrid or mixed housing. The most common type is the so-called „KoopGarant“ licence. They allow for the selling of a dwelling with a 25% discount by licensed housing associations	
Homelessness, temporary and informal housing		
Homelessness	Typically associated with singles, migrants, poor people, many with mental problems and problems related to abuse	Estimated at about 30,000 people in total in 2016.
Asylum accommodation	Asylum seekers are usually accommodated in special or temporary facilities. The accommodation is provided by the „Central Agency for the Reception of Asylum Seekers“ (Centraal Orgaan opvang asielzoekers, COA).	no estimations available
Informal housing	No informal settlements	Not relevant

Source for tenure relevance data: Central Bureau for Statistics (CBS), 2018

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

Owner-occupiers are a relatively heterogeneous group. Nevertheless, they are predominantly families with children with a medium to high income who own a residential property. In general, owner-occupation is one of the prioritized objectives of housing policy, which is reflected in the high tax advantages (deductibility of mortgage interest) and the general emphasis on home ownership in the housing policy agenda. After the Second World War, there was a rapid shift from the construction of private rental housing to the construction of social housing as a result of the renovation of city centres. In addition, since the 1960s, the government has increasingly promoted owner-occupancy, which has been rising steadily ever since.

Rental tenures

There are two types of rental housing in the Netherlands. Target groups in social housing are low to moderate income households, smaller households, students or other starter households. Given the priority of owner-occupation and the mostly smaller size of social dwellings, predominantly families from low income groups, minorities or other vulnerable groups that are more restricted from access to ownership can be found in social housing. Private rental markets are strongly diversified and growing in relevance and size. While high quality private rental housing is more related to housing demands by foreign expats, young urban professionals or people in-between owner-occupied homes, lower standard apartments are more likely to be occupied by students, labour migrants or ethnic minorities. The Dutch government has fostered the growth of private rental housing since 2010. Since 2015, the Housing Act has restricted the activities of non-profit housing associations in the development of dwellings above the rent threshold of social housing, expecting the private sector to cover the supply gap in affordable housing above the threshold. Market reactions instead caused most investments in the high price apartment sector in areas with highest demand.

Homelessness, informal and temporary housing

The number of homeless people in the Netherlands almost doubled between 2009 and 2016 to 30,000. The majority of the homeless persons live in large cities such as Amsterdam, Den Haag, Rotterdam or Utrecht. Although the national government does not provide aggregated information on housing conditions, the majority of homeless people live in temporary accommodation or in day and night care facilities. To reduce the precarious situation of rising homelessness, the national government presented an action plan in 2009. In general, there is broad acceptance that in the Netherlands no one has to sleep on the street and the Shelter Federation ('Federatie Opvang') alone represents about 70 organisations that are working on that. Some labour migrants from Eastern Europe are accommodated in their own informal dormitories, illegal holiday homes, hostels or campsites. Although there are no unofficial settlements for migrants or asylum seekers, some of them live in empty buildings if they have not received a permit to stay or haven't applied for one. However, asylum seekers are regularly accommodated by the „Central Agency for the Reception of Asylum Seekers“ (Centraal Orgaan opvang asielzoekers, COA)“ in special or temporary facilities. Refugees who have a residence permit are distributed by the national government to the municipalities. The municipalities must take this contingent and provide accommodation together with the housing associations.

Providers of Housing Services

An estimated share of about 20% of private rental housing is provided by large institutional landlords, while the majority of letting activity is associated to private individual landlords. There is only one type of provider in the field of social rental housing, that are non-profit housing associations.in total, non-for-profit housing associations provide about 70% of all rental dwellings.

2.4 Housing Issues

General challenges

An important driver of housing in the Netherlands has been the refugee crisis. In particular the debate about social housing for refugees led to heavy arguments between social housing tenants and local authorities. Often it was spread in social media that refugees would get all the available social housing. However, this was never the case. Only 15% of social housing has been allocated to refugees in recent years, and the share is steadily decreasing. Although there has been no serious emigration in the Netherlands over the past years, some regions are experiencing population declines due to internal migration. This mainly affects the regions in the Northeast (Eastern part of the province of Groningen), the Southeast (province of Limburg), the Southwest (province of Zeeland) and parts of the Northwest (Northern part of the province of Noord-Holland). Other problems that have a certain impact on housing are urbanization, an aging society and declining household sizes. These changes are mainly due to declining birth rates, an increasing average age and increasing new forms of households, such as single-parent families. However, these issues do not affect all regions to the same extent. The most influential issue in housing is energy and climate questions and the resulting requirements for energy efficiency in residential buildings. This demand has been reinforced by the national reduction of natural gas production

and the expansion of decentralized energy sources, such as local energy production through heat-pumps or solar panels. This intention was confirmed in the draft national Climate Agreement, which names the housing associations as key players in the energy efficiency transformation of the housing stock.

Accessibility, affordability and availability problems

In the Netherlands, there is a lack of affordable housing in both rental and owner-occupied housing, particularly in areas with high demand. In addition, there is a lack of land, but also a lack of capacity in the construction sector, complex planning procedures (reinforced by NYMBISM) and high quality standards that are necessary, mainly due to energy efficiency requirements. These developments are increasing homelessness and informal housing, while people from (mental health) care institutions are now also responsible for their own accommodation (supported by family and friends), which may contribute to the trend. One of the main problems with Dutch owner-occupied housing is the constantly rising prices, which especially affect urban areas. At the same time, while criteria to get mortgages have become stricter after the 2008 crisis, mortgage burdens have decreased due to low interest rates. Risks attached to mortgage lending are comparatively low as are foreclosures. Banks are also required to support households in case of payment difficulties. Nevertheless, house price inflation is a particular problem for low and middle-income families, which is intensified by the lack of supply of new housing. This lack of supply affects all types of housing equally. At the same time, there is also an increasing number of vacancies and falling prices in some (rural) areas. The rental housing sector is also characterized by rising prices, which is particularly noticeable in certain (urban) areas and means a lack of social or affordable housing. This results in a high financial burden for tenants, which is the biggest problem. However, the high demand and low supply lead to rapidly growing prices not only in the private housing market. The social housing sector has also seen increasing rents with increases of 10% above the inflation level over the past several years due to attempts to compensate for the landlord levy introduced by the Dutch national government. There are also forms of discrimination reported, including a lack of accessibility, discrimination against certain (ethnic) minorities or insufficient regulation of the rental market. According to recent studies discrimination can make access to the private rental market considerably more difficult.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

Dutch housing policy has two main objectives: Making housing more affordable and achieving housing quality. Three guidelines of housing can be identified: Affordability, availability (supply) and quality (mainly in terms of energy performance). In recent years, the role of housing associations has changed, and they have become much more restricted because of EU competition and state aid regulations. Moreover, national government has developed as an overarching political principle the establishment of an attractive investment environment for market players. Finally, there is an increased focus on sustainable development in the areas of energy and resources. In the North, the region-specific resilience of houses against earthquakes resulting from natural gas production is an issue. In the future, reforms are planned concerning stricter building regulations in the areas of energy and resource efficiency. Housing policy projects are mainly driven by state actors and governments at all levels.

3.2 Housing Policy Instruments

Name	Rental Housing Allowances / Rent benefits *(Huurtoeslag)*
Instrument type	Housing allowance
Tenures	Rental housing
Description	If tenants live in a let that does not cost more than € 737.14 (2020) for the net rent and meet certain income criteria, they can receive the housing allowance („*Huurtoeslag*"). There are several variables that determine the amount like age, household size and rent level. As the rent increases, the proportion of subsidised rent decreases progressively. The general assumption is that a higher rent also means higher quality The average amount of housing allowance received per household was € 2,049 in 2014. The average rent that year was € 5,176. This means that 40% of the rent was covered by the Housing Allowance.
Target groups	Low-income groups (by income, based on maximum eligibility strata depending on age and household size)
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	Based on a 2016 report (IBO Sociale Huur), 1.4 million households received a Housing allowance in 2014 (38% of all rental households). The total net government expenses on Housing Allowances in 2014 amounted to 2.5 billion €.
Instrument development	No developments over the past ten years
Name	Mortgage interest tax deduction
Instrument type	Taxation
Tenures	Owner-occupied housing
Description	Various owner-occupied costs (e.g. mortgage interest payments and cost to acquire a home) can be deducted from income, which results in lower tax. In general, the income tax system in the Netherlands is progressive and higher income is taxed by a higher percentage. The highest rate was 51.75% in 2019 (for income above € 68.508). Households with higher income can deduct proportionally more mortgage interest.
Target groups	Owners of private housing
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	A 2016 report from the Central Planning Bureau highlighted that the number of households using the mortgage interest tax deduction facility grew from 2 million in 1990 to over 3.5 million in 2014. The average annual tax deduction grew from around € 3,000 in 1990 to slightly less than € 9,000 in 2014. The total mortgage tax deduction more than quadrupled in that period from € 7 billion to € 32 billion.
Instrument development	Recalibrated 2013 (towards lower taxation incentives) The relative advantage for high income households led to policy debates in the Netherlands and was first revised in 2008 after the financial crisis. In 2013, the government decided to gradually reduce the mortgage interest deduction from 51.75% to 36.9% by 2023 and to limit the maximum period to 30 years.
Name	Loans guaranteed by the state for Registered Social Housing Providers *(Toegelaten Instellingen Volkshuisvesting)*
Instrument type	Subsidised housing
Tenures	Rental housing
Description	Registered providers of social housing can receive loans guaranteed by the Social Housing Guarantee Fund (WSW). This organisation was founded by the housing associations to create better financing for social housing. To do so, they offer guarantees to lenders who finance social housing projects. The guarantees are secured by the reciprocal support of the housing associations, their own capital and, in the last instance, national and local governments (50% each) are obliged to grant interest-free loans to the housing associations so that they can make payments to the creditor. These guarantees enable housing companies to take out loans at attractive rates. Furthermore, the construction of social housing is often explicitly cross-subsidised by municipalities through the price of land.
Target groups	The instrument targets low income groups (households eligible for social housing).
Policy formulation	National and local level
Funding	n. a.
Implementation	National and local level
Importance	Currently, the WSW has guaranteed loans of € 80 billion.
Instrument development	No developments over the past ten years

Name	Social Housing Regulation
Instrument type	Subsidised housing
Tenures	Rental housing
Description	The regulation of social housing is generally regulated by the Housing Act 2015. On this basis, the detailed activities that housing associations are allowed to carry out are listed in the „Social Housing Management Order" („*Besluit Toezicht Instellingen Volkshuisvesting*")
Target groups	The target group of non-profit housing associations is relatively broad and generally includes all households that have problems finding a home in the housing market. However, after a long discussion with the European Commission, the group was limited to low and middle income households.
Policy formulation	National level
Funding	n. a.
Implementation	National level
Importance	n. a.
Instrument development	A legal regulation for housing associations was first introduced in 1901 and the last major update was in 2015. There have been minor updates after 2015. Before the update in 2015, housing associations were allowed to offer rental housing in the higher price sector or low-cost housing in the owner-occupied sector. Since 2015, the service has been reduced to housing for low and middle-income households.
Name	Rent (Price) Regulation
Instrument type	Rent regulation
Tenures	Rental housing
Description	Rental price regulations are governed by the House Price Act and primarily concern the lower price segment (net rent below €737.14 per month). Among other things, the Act regulates the maximum rent that can be charged through a points system, with the determining variables being size, quality and location. On this basis, tenants can complain to „Rental Committees" if rents are unfair and the Rental Committees can force landlords to reduce their rents. In general, tenants' rights are strongly protected, especially in the lower price segment. This protection may be one reason why private investors tend to prefer higher price segments.
Target groups	Tenants from low-price dwellings (usually net rent below €737.14 p.m.)
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	n. a.
Instrument development	The changes in the rent regulation system mainly concern the points system. Before 2013, it used a more arbitrary method to determine the quality of the buildings. Now the tax value of the property provides a uniform basis.

3.3 Reform trends

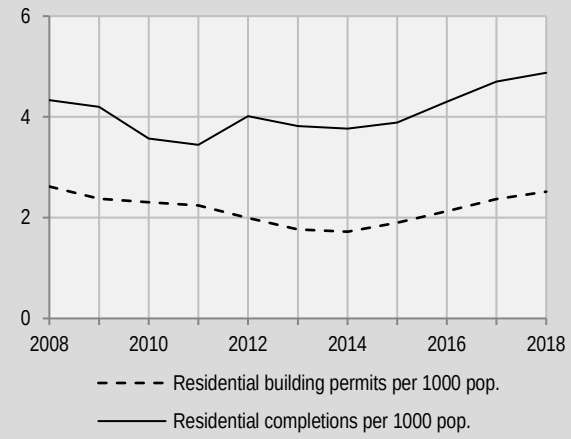
In recent years some reform trends can be observed in the Netherlands. On the one hand, the system for tax deduction of mortgage interest has been gradually downgraded and at the same time, stricter criteria for mortgage loans have been established. On the other hand, the Housing Act of 2015 established stricter regulation for housing associations and reduced their target group to low and middle-income households. Finally, landlord levy (up to two months' rent) was introduced to support the financial position of the Dutch national government. The Housing Act is currently being evaluated and the government is discussing reform proposals. These include, for example, extending the possibilities for housing associations to offer rental housing at moderate prices to middle-income households. In addition, the uniform thresholds for social housing should be differentiated on the basis of household-related income thresholds. Furthermore, the government is considering regional differentiation, which should allow a higher rent level (the current regulation sets a ceiling of € 720) in areas with high demand.

Poland

Population (million, 2018)	37.98	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	17.1	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	34.86	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	27.6	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	312,679	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	1.8	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	123.6	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	12,420	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	58.9	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	16,268	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	40.6	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	18.9	EUROSTAT, series t2020_50

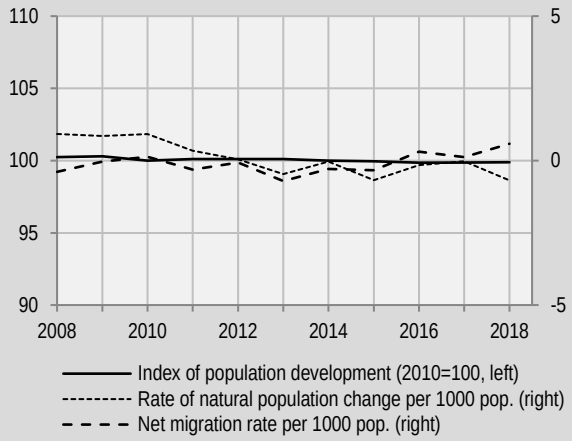
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



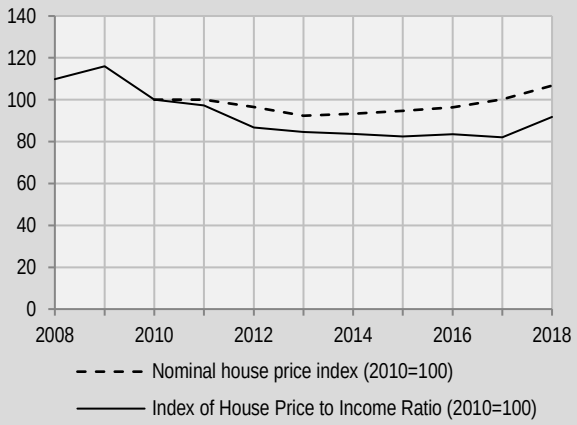
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



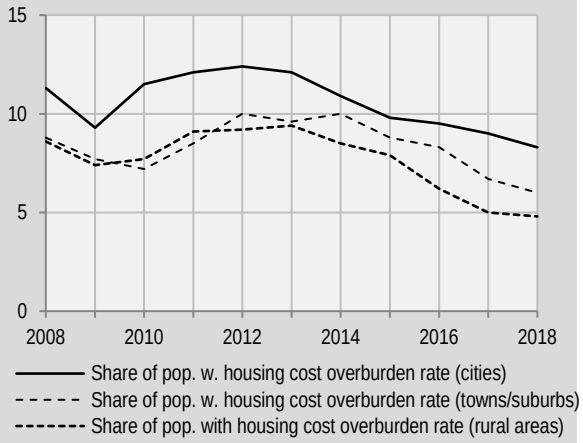
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Katarzyna Kamińska and Magdalena Habdas have been involved as national experts.

1 Governance structure

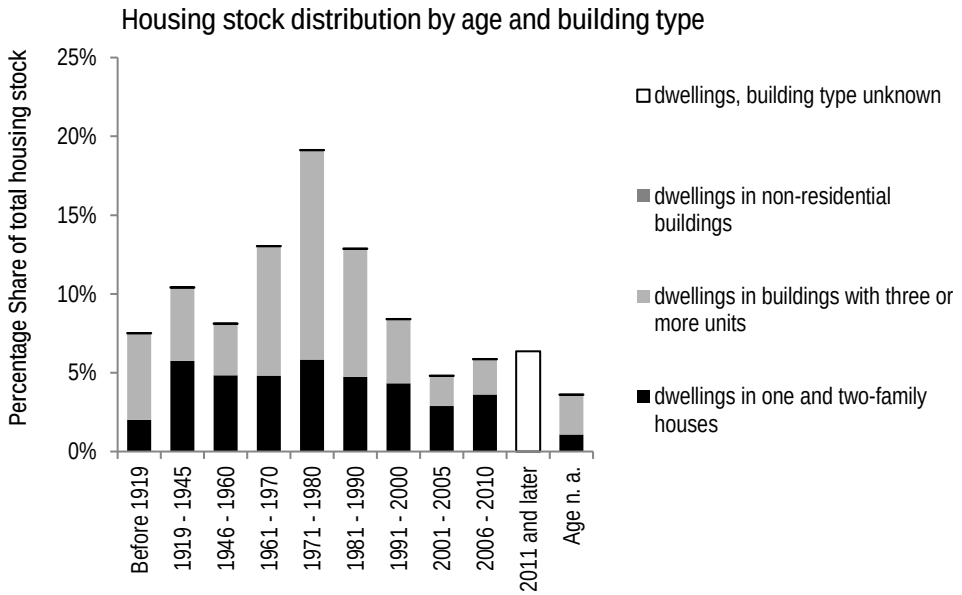
In Poland, the national and the local level are mainly involved in housing policy. The regional level (*voivodeships*) is not formally involved in housing policy regarding housing instruments, but have some discretion which is indirectly connected to housing (transportation, sustainable development or protection of cultural heritage). Therefore, *voivodeships* may adopt general development strategies including housing policy elements, but are not formally responsible for this field. In general, the national level is in charge for a variety of instruments and programs regarding housing policy. There are two central government units involved. The Ministry of Investment and Economic Development with its Departments of Housing and Spatial Policy is responsible for carrying out most housing-related tasks, i.e. ensuring supply of affordable housing, managing the public housing stock, revitalizing social tenancy housing, overseeing public housing assistance, administrating the National Housing Program and supporting thermo-modernization, renovation as well as housing cooperatives in general. The Ministry of Finance also holds key responsibilities when it comes to financing the programs issued by the government and taxation matters. On the local level, the municipalities as the principle administrative level in Poland is in charge of all state functions concerning the collective need of the population in its respective boundaries since the post-communist administration reform in 1990. This applies for a lot of policy fields, territorial planning, property administration and environmental protection, local roads and bridges, public spaces, streets and traffic management, water supply, sewage and waste removal, local public transport, public health protection, social assistance and local housing. In the area of housing, the municipalities are responsible for ensuring that low income households have access to housing. They also administrate their own local housing stock and decide over their rules for letting those units. This includes also the sale of their housing stock to market participants, where the municipality may use discounts in order to privatize. Housing policy in Poland has shown more than one horizontal shift of responsibilities over the last ten year. First, the denomination of the ministry in charge at the national level changed a quite frequently from the Ministry of Infrastructure to the Ministry of Transport, Construction and Maritime Economy to the Ministry of Transport, Infrastructure and Development to the Ministry of Infrastructure and Development, to the Ministry of Investment and Economic Development and finally to the Ministry of Economic Development, Labour and Technology in 2020. Besides the already mentioned Department of Housing within the ministry, neighbouring departments are in charge of closely related issues (e.g. the Department of Real Estate Management and the Department of Spatial Development and Construction). In contrast to the horizontal shifts, no vertical shifts have taken place in Poland. However, a recent reform of 2018 will hand over some responsibilities in the field of social housing to the municipalities, especially regarding the preparation and implementation of residential investments and associated developments.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The age distribution of the housing stock in Poland shows a strong peak of residential construction in the 1970s, especially with multi-family houses. Dwellings built after 1945 contribute 75% to the overall housing stock. Older buildings are more frequent in some geographical areas (especially the Western and South-Western parts). New construction after 1990 represents 30% of the total stock with a distinct phase of higher construction activity in the half of the 2000s. Regional housing types differ significantly between urban and rural areas. Altogether, about 45% of households occupy in single family homes and 40% live in multifamily houses (mostly apartment blocks). In the cities, the latter share is notably higher at about

60%, whereas apartment blocks are scarce in rural areas (4%), which results in a dominance of single-family homes in the rural areas (83% of households). The overall size of the housing stock is relatively small compared with other EU Member States with about 350 dwellings per 1,000 inhabitants in 2013. This refers to an on average larger household size, but may also indicate crowding issues. Technical shortcomings can still be observed in the pre-1945 stock, but refurbishment and replacement investments have helped to improve the situation. One major issue is decentralized coal fired heating, both in terms of energy efficiency and pollution. Network supplied heating gas is still available only in about half of the dwelling stock. Over the 2013 to 2017 period, an additional share of about 3.3% of dwellings equipped with gas fired heating was registered, and an increase of 5.4% of centralized heating installations. This transition is supported by the so called „Clean Air" program targeted at a reduction of GHG and pollution co-financed by the National Fund for Environmental Protection and Water Management. Other grants were installed for energy efficiency improvements and general refurbishments; the latter with a focus on multifamily houses aged 1961 and older.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: EUROSTAT, National Statistical Offices, European Mortgage Federation Federation (calculated from dwelling stock data 2017)

2.2 Housing tenures

The composition of housing tenures in Poland shows the typical characteristics of post-socialist transformation countries. The tenure system is highly concentrated with a share of about 85% owner-occupation, both house ownership and flat ownership. Within the latter category, condominium regulations apply as well as co-operative tenures. The private rental sector and subsidized or access privileged social tenures are marginal. Municipal renting prevails.

Typical characteristics of tenures in Poland		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Ownership as defined in art. 140 of the Polish Civil Code is the exclusive right on the property. This includes the right to create encumbrances through real rights, the right to lease and lending, transfer. Renouncement for physical constructions (immovables) is not possible. On the other hand, the owner is fully liable for maintenance, repair, taxes, levies and duties.	large share (ca. 58% of dwellings are owned by individuals)

Flat ownership/condominium	Flat ownership is regulated by the Law on Unit Ownership (LUO). It allows for the definition of separated units in a building, not restricted to residences, but also possible for other purposes (offices, retail shops etc.). Each unit owner has a share in common property. Owners are a 'residential community' (wspólnota mieszkaniowa). The management of common property may be based on statutory provisions, or decided on by the community. The default management system depends on the status (small communities, i.e., three or less units use self-management) or large communities that use a management board, as far as no professional management is set up.	medium share (ca. 20% of dwellings are condominium owned)
Cooperative owner-occupation	Housing cooperatives are regulated by the Law on Cooperatives of 1982 and the Housing Cooperatives Act (HCA) of 2000. Member of cooperatives hold the limited real right to use a unit. Additional rights are transfer, letting, crating encumbrance, e.g. by loans. The unit may also be lent on or let, as long as the contract does not affect the cooperative concerning the common property. There is also the possibility to hold a tenancy right to a dwelling within the cooperative, which is not a real right and thus cannot be transferred to another person.	medium share (ca. 15% of dwellings are co-op owned)
Other	- Usufruct: Especially in regards to flat ownership, the concept of usufruct is relevant. Usufruct is a personal non-transferable right, apart from transfer by lease or loan. The usufruct holder bears obligations for maintenance and management of the property. - Right of lifetime habitation, regulated in Book III of the PCC, concerning the law of obligations. The right is not transferable or transmissible on death (Article 912 PCC).	no data available
Rental tenures		
Market rate private/commercial rental tenures	Regulated by the Polish Civil Code concerning the basic rules. Regulations of details by the Tenants' Protection Act of 2001. Contracts may be fixed -term or an indefinite in time within private rental. According to Article 5 section 2 TPA, such units may only be leased for an indefinite time period, unless the lessee demands a fixed-term lease. The termination by giving notice is possible in cases of violations of the contract. - Incidental lease is a residential contract with private individual landlords that do not let as a commercial activity. In this case, only fixed term contracts not exceeding 10 years are possible. - Institutional lease (since 2017), affects commercial letting activities. In this case, no limits of maximal contract duration apply.	no data available (estimated at about 5%)
Special regulation regimes		
Public rental tenures	Municipal housing: accessible for persons who do not earn enough for obtaining credit. Eligibility criteria a set by the municipality (e.g. by income, number of family members, m^2 per person etc.). People with low or without income may rent at social lease conditions. In this case, rents should exceed half of the lowest rent charged in a given municipality.	small share (ca. 6% of dwellings are owned by municipalities and state agencies, incl. social rental dwellings)
Subsidized below market and/or privileged access rental tenures	The main program for subsidized rental homes is the „Home Plus program" which aims at providing housing for people with low income that endure mortgage credit constraints. About 40% of the population is estimated to be in this situation. Housing which is set up within the frame of this program would be available for rent for 15 years, but tenants may buy the unit after this period is over. The requirements and conditions of the program favour large families and people with low income. The second major program is targeted at providing housing for people with medium income people who cannot or do not want to obtain flat ownership, but are also too wealthy to apply for rental from the municipal housing stock. Under the program, social housing associations (Towarzystwo Budownictwa Społecznego-TBS) construct and let to tenants, funded with loans by the National Housing Fund. A municipality may also be a shareholder in a housing association. Access is provided according to eligibility, i.e. income level, not owning or occupying another housing unit and being a local resident. The rent received in housing associations may currently not exceed 5% of the flat's replacement value annually.	niche (less than 1% of dwellings are owned by social housing associations)

Cooperative rental or similar national specific tenures		
Other		
Hybrid forms, e.g. rent-to-buy schemes	see above in social rental tenures	
Homelessness, temporary and informal housing		
Homelessness	Homelessness is mostly an issue in large cities. For roofless people, temporary night shelters provide basic support. The exact scale of this phenomenon is unknown, but homelessness is a significant issue especially during the winter.	Estimated at about 33,000 people in total in 2016
Asylum accommodation	Refugees usually reside in refugee camps or instead receive financial support from the Office for Foreigners for residing outside camps.	estimations not available
Informal housing	Objects not designed for residential use or mobile units may be occupied by homeless people or because of a subculture habit and is more an urban habit.	estimations not available

Source for relevance data: Central Statistical Office of Poland, reference date 31.12.2016. Data refer to ownership of dwellings. Percentage shares calculated by IWU/TUD

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

Owner-occupied housing is the dominant tenure in Poland with 84% of all people living in their own housing units. Owning can be considered to be a cultural or traditional issue. Concerning the type of dwelling, regional disparities can be observed. In urban areas, economic sorting according to the quality and tenure applies. While the majority of the owner-occupation refers to condominiums in pre-1989 built houses with a larger share of low- and medium-income groups, elderly or lower income groups can be more often be found in cooperatives. Condominium in post-1989 built apartment houses is more attributed to the middle class). Single-family houses are occupied by all social and income groups. In rural areas, the dominant form here is the owner-occupied single-family house accessible for both farm and non-farm related households. Multi-family housing is mostly for people with lower income.

Rental tenures

Rental of housing units is an important tenure in the urban parts of the country for transitional housing needs (students, job seeking people, young families etc.), since ownership is the dominant and preferred tenure. Since the private rental market is small, rental housing is strongly connected to municipal or social housing. Given the political and cultural preference for owner-occupation, rental tenures do not obtain relevant political weight, although the number of people in rental tenures increased significantly between 2009 and 2014.

Homelessness, informal and temporary housing

Providers of Housing Services

Figures on providers in rental housing are not available. Approximately 7% of the stock is owned by municipalities, state agencies, social housing associations and others that can be associated with letting activities. Given the share of about 16% of the population in rental tenure (EU-SILC), of which one third rent at market prices, the estimated share of renting from private landlords should be about 5-8%.

2.4 Housing Issues

General challenges

Today, Poland is still perceived as a country of emigration. Because of its geographic location, Poland is increasingly serving as a transit country for migrants. However, immigration has not caused any major housing issues in Poland. Since 2014, there is an influx of people from Romania, but is also without major impact on the housing system. Residential mobility in Poland is generally low, especially among self-occupying owners, but also among tenants: During the years 1989-2002 only 10% of the Polish population changed residence. However, larger cities have become the main centre of within-country migration, which causes a concentration of housing needs in some places and a clear weakening of such needs in others. In addition, demographic changes in society, especially the aging of the population and migration of young people to the urban agglomerations cause changes in the housing system, e.g. concerning the

real estate market and in the financial sector. The share of single and two-person households is steadily increasing, prompting supply problems in a number of markets. With regards to energy and climate related issues, government activity in Poland is limited to subsidizing thermal modernization investments. A specific issue in Poland is the negative impact of the lack of affordable housing on the mobility of younger people, especially in terms of labour. Some cities, which show strong job markets fail to provide additional housing for the labour force, while large residential stocks remain in cities where the job market is performing worse.

Accessibility, affordability and availability problems

The main problem in Poland is lacking access to credit to buy housing in urban areas due to the recent increases in real estate prices. High prices may also lead to high individual financial risk or credit overburden. Ownership is the widely preferred tenure (and also widespread), but affordability is significantly lower than in many other European countries, understood as the quota between annual income and purchasing cost. Especially for migrants to Poland, finding and keeping appropriate housing is very difficult due to the limited number of social/municipal flats, general underemployment of refugees and discrimination by private landlords in the rental market. Poland is generally lagging behind most other European countries concerning the total housing stock (see above). Therefore, availability is a general problem against the background of changing demographics. The situation of elderly people is particularly problematic, since they often live in older houses that are not barrier-free. Concerning rental tenures, the rent increases in the last years created a lack of affordable and even social housing in some urban areas. However, the rental sector is clearly not the dominant tenure in Poland, while there is also a significant share of informal renting due to strong tenant-landlord regulations. Regarding affordability in general, housing costs in Poland are comparatively high meaning that many households cannot afford to pay for housing on a regular basis, be it in terms of rent or monthly payments for cooperatives. Reports show that half of cooperative members fail to pay timely.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

Housing policy generally plays an important role in Poland. The guiding principles of Polish housing policy are twofold. First, there is a focus on enhancing availability for persons, who cannot afford purchasing an apartment/house or renting on the market. Second, the government is trying to improve the technical conditions of the existing housing stock, especially in terms of energy efficiency. Since the mid-1990s, private investors and developers have implemented most new construction. The dominant political understanding is that addressing housing needs is the task of the market, not of the government. The structure of governance, however, gives municipalities large discretion about local housing policies, which they use regularly. This includes the municipal housing stock itself, but also spatial planning, technical infrastructure etc. Over the past ten years, the main scope of the national housing policy has remained unchanged. The government has introduced various programs for enhancing the availability of apartments for families, young people, and those with insufficient income for purchasing and renting. However, with ownership being the dominant tenure and focus of government, the underdeveloped rental market makes it difficult to meet the demand of a growing share of the population.

3.2 Housing Policy Instruments

Name	Housing for the Young program ***(Mieszkanie dla Młodych)***
Instrument type	Subsidies for homeowner and homebuyers
Tenures	Owner-occupied housing
Description	The program offers public financial support for payments necessary to receive a bank loan secured by a mortgage and for repaying the loan. Beyond age and family status, there are further eligibility criteria (maximum dwelling size and maximum price per m^2). Eligibility for the program does not depend on the income.
Target groups	First-time home buyers under 35 years, applying for a mortgage from middle income groups (additional incentives for households with more than two children)
Policy formulation	National level
Funding	National level
Implementation	National level (via the Polish national development bank)
Importance	The Construction Ministry estimated that about 115,000 Poles will benefit from the subsidies. In 2018, it was PLN 762 million (approx. € 177 million).
Instrument development	The program substitutes an older program („Family's Own Home programme") in 2012.
Name	Home Plus program *(pakiet Mieszkanie+)*
Instrument type	Subsidised housing
Tenures	Owner-occupied housing; Rental housing
Description	The main aim of the program is to increase accessibility for market rental apartments. Subsidies are issued with the option of the tenants for ownership in a later stage, incentives for tenants who save money regularly in order to buy later and support to social housing.
Target groups	Low income groups. Preference is given to families with children and people who are not able to receive a bank loan.
Policy formulation	National level (Housing Council)
Funding	National level (National Housing Fund)
Implementation	National and local level (in cooperation with other entities, including companies owned by the government.
Importance	In December 2016, the construction of first buildings was commenced and further investment contracts were signed. Over 200 ha of land were acquired in cooperation with local governments, where approx. 20,000 dwellings for rent may be built with homeownership option.
Instrument development	Introduction in 2016
Name	Rental Housing Fund ***(Fundusz Mieszkań na Wynajem)***
Instrument type	Subsidised housing
Tenures	Rental housing
Description	The Rental Housing Fund is a special purpose fund of the state-owned bank BGK and was launched in 2014. Apartments are mostly bought in large quantities from private developers or construction is actively ordered by the fund. The rents should be 20% lower than market prices, which is often not the case in practice.
Target groups	Low income groups (unable to pay back bank loans and/or have no creditworthiness).
Policy formulation	National level (BGK - Polish national development bank)
Funding	National level (BGK - Polish national development bank)
Implementation	National level
Importance	Originally, it was planned to purchase 3,000 apartments in the largest Polish agglomerations between the years 2015-2017. However, the Housing Rental Fund was to receive PLN 5 billion (approx. € 1.2 billion) in order to provide approximately 20,000 apartments.
Instrument development	No information
Name	Thermal modernization and renovation support program *(Wsparcie termomodernizacji i remontów)*
Instrument type	Energy-related instrument
Tenures	Owner-occupied housing; Rental housing
Description	The program aims at thermal modernization or respective renovation of dwellings (with additional bonuses for multi-family houses). The grant, which covers up to 20% of the loan for the measure, will be paid out if the modernization was finished and an energy audit has been successful. Between 2009 and 2012, about 13,000 projects were supported by the program.
Target groups	Owners (legal and natural persons, housing associations, local authorities).
Policy formulation	National level (BGK - Polish national development bank)
Funding	National level (BGK - Polish national development bank)
Implementation	National level (BGK - Polish national development bank with the aid of housing cooperatives and municipalities)
Importance	National government expenditures on support for modernisation and renovation in 2015 amounted to PLN 20 million (approx. € 4.7 million). In 2008: PLN 270 million (approx. € 63 million), in 2009: PLN 109 million (approx. € 25 million), in 2011: PLN 260 million (approx. € 60 million), in 2012: PLN 120 million (approx. € 28 million), in 2013: PLN 133 million (approx. € 31 million) and in 2014: PLN 330 million (approx. € 77 million).
Instrument development	The act of 2008 expanded the regulation, also covering repairs for special housing stock (pre-1961 buildings) and tenures (houses in tenement ownership).

Name	Financial support for the emergency housing programme *(Wsparcie budownictwa komunalnego i chronionego)*
Instrument type	Homeless assistance
Tenures	Rental housing
Description	The program creates housing for poor people and people with special needs. The support can be designed to construct a building on land owned by the investor or land held in perpetual usufruct. Subsidies range from 20-40% of the total cost for construction while the construction has to be finished quickly (12, 18 or 24 month). The subsidy must be repaid if the social character of the building lasts for 10 years at least.
Target groups	Municipalities, associations of municipalities, regions but also non-governmental organizations which provide shelter of flats for impoverished people.
Policy Formulation	National level
Funding	National level
Implementation	National level
Importance	The direct subsidies amounted to PLN 21.0 million (approx. € 4.9 million) in 2005, and PLN 136.9 million (approx. € 31.9 million) in 2016.
Instrument development	In 2018 the financing conditions for local authorities were improved.

3.3 Reform trends

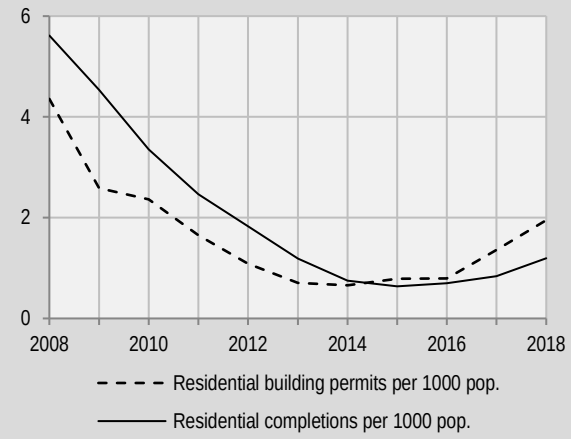
The most important reform already introduced is clearly the „Housing for the Youth" program which upholds the orientation towards ownership in Polish housing policy. The same is true for the „Home Plus program", which is designed to increase apartment availability on the rental market first, but with an option to buy later (see above). There are, however, reservations as to the whether this program will actually work. Concerning housing allowances there were no reform activities. Concerning future reforms, all reform activity is connected to the „National Housing Programme" which is expected to increase the number of dwellings by 2.5 million until 2030. The aims are to a) increase access for housing for people with low income, b) better meet the housing needs of people who are at risk of social inclusion or in difficult situations, c) improve technical housing conditions, especially energy efficiency. Besides legislation, the national government is heavily involved in this program by being the primary source of resources in terms of money but also land owned by the national treasury.

Portugal

Population (million, 2018)	10.29	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	21.5	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	9.20	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	28.9	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	92,226	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	8.8	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	113	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	18,190	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	73.9	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	18,718	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	44.8	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	21.6	EUROSTAT, series t2020_50

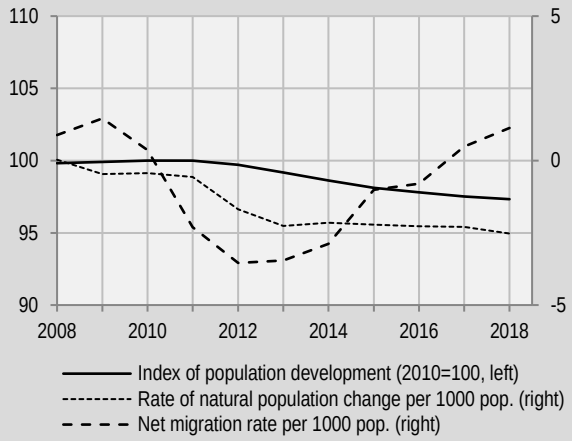
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



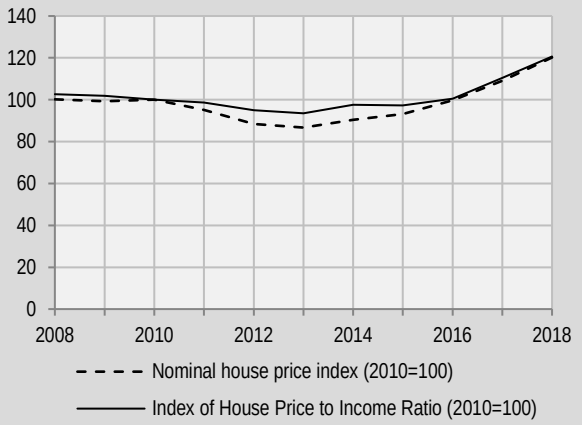
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



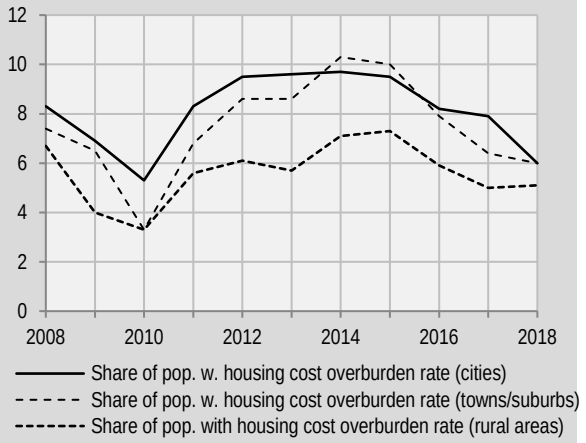
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Dulce Lopec and Maria Garcia have been involved as national experts.

1 Governance structure

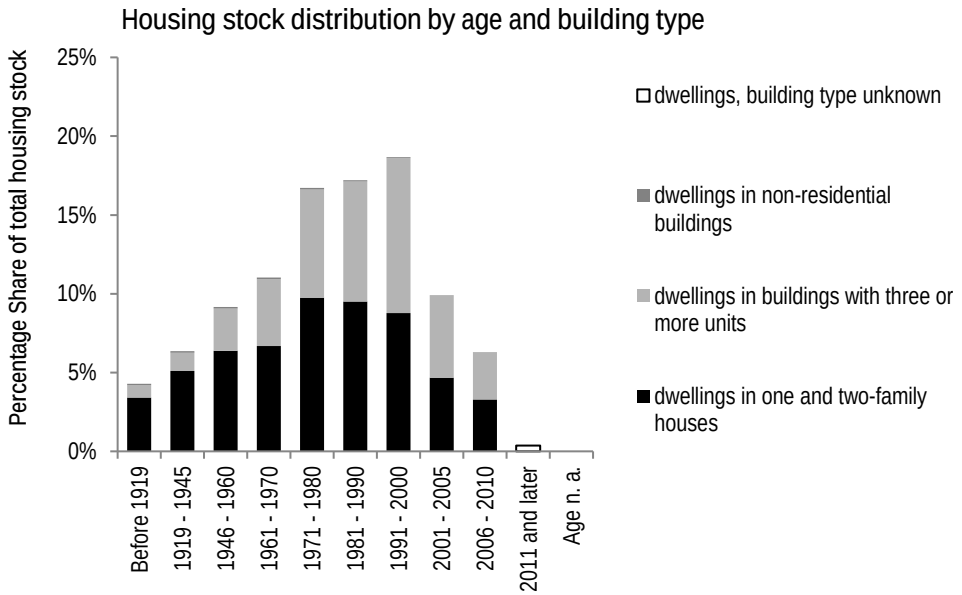
In Portugal there are three different levels of government involved in housing policy. There are several units on the national level, some on the regional level (although on the continent, they are integrated in the national government), and others belong to the local level. There are different national government bodies assigned with different responsibilities involved in housing policy. The private rental sector (tenancy law), which is included in the Constitution of the Portuguese Republic, is within the field of responsibility of the parliament and the government. Several ministries are in charge of different responsibilities like the Ministry of Infrastructure and Housing is responsible for the development of cities and the regulation of construction and housing. While the Ministry of Finance oversees tax related housing policy, the Ministry of Infrastructure and Housing is in responsibility for housing benefits and the Ministry of Justice for procedural law. Besides the Ministries, the Institute for Housing and Urban Rehabilitation (IHRU) has several duties like the preparation of the strategic plan for social housing, the implementation of public support programs for housing or the management of state-owned housing. At the regional level there are Coordination and Regional Development Commissions in each of the five regions on the continent (North, Centre, Lisbon and Tagus Valey, Alentejo and Algarve) in charge of housing policy. At the same time, the Azores Social Solidarity Regional Secretary and the Regional Housing Direction is responsible for housing policy in the autonomous region of the Azores and the Madeira Regional Secretary for inclusion and social matter in the autonomous region of Madeira. The Coordination and Regional Development Commissions have – among other duties – general competencies regarding planning, environment and the distribution and control of EU funding. On the second tier of local government, there are 308 municipalities (*concelhos*) and on the first tier of local government, there are over 3,000 civil parishes (*freguesias*). The main duty of these autonomous territorial circumscriptions is the satisfaction of the specific local interests of the residents. Municipalities are responsible for providing housing solutions in their territories and equipment, social action, urban and rural planning, environment and basic sanitation. The main duty of the Civil Parishes overlaps partially with those of the Municipalities but due to their proximity to the housing problems, the Civil Parishes can identify housing and equipment needs in the respective territorial area in a most efficient way, although they do not have means and competences to satisfy them individually. A horizontal shift during the reshuffle of the government in 2019 transferred the Housing Department from the Ministry of Environment to the new Ministry of Infrastructure and Housing. A vertical shift which is still going on has moved some competences regarding housing policy from the State to the municipalities and intermunicipal communities. Among other responsibilities, the municipalities will manage the sectors reception, analysis, selection, contracting, financial management and execution control regarding local support programs to urban rental and urban rehabilitation. They also manage the identification, analysis and selection of housing needs and requests in their territories in order to obtain financial support for housing solutions under the national public programs. However, the municipal and intermunicipal communities do not have legislative competence to regulate the private rental sector.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The age distribution of the housing stock in Portugal shows a strong peak of residential construction in beginning in the 1970s to the end of the 1990, especially with multi-family houses. Dwellings built after 1945 contribute almost 90% to the overall housing stock. New construction after 1990 represents 35% of

the total stock with an almost total stop of stock additions in the first half of the decade after 2010. Beginning in 2016, residential construction activity increased again. In 2017, the number of building permits increased by nearly 10%. 58% of all dwellings are located in houses with one or two dwellings. Regional housing types differ, with only one third of the urban population living in single family houses, while in rural areas on average more than 85% of the population lives in single family houses. In some cases, residential building types show specific technical or functional shortcomings. Major rehabilitation works are need at houses mostly from the 1950´s, which lack basic requirements like an adequate bathroom or the connection to public water and sanitation infrastructure. The past ten years urban rehabilitation was one of the key public policies to incrementally tackle these shortcomings. In 2019 new technical standards were introduced for rehabilitation works, especially regarding structural safety. EU regulations have a big influence when it comes to efficient construction of new buildings. EU Funding is relevant to improve the housing stock regarding to energy savings and efficiency. Those funds are also pushing for more renewable and innovative technologies. Excellent examples are the programs of green mobility and an adequate environment.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: Expert survey, national statistics 2017

2.2 Housing tenures

Portugal's tenure composition can be attributed of a group of South-Western European Member states with relatively strongly concentrated tenure systems. Typical for this group is an average share of owner-occupied tenures of about 75%, and the corresponding share of predominantly non-subsidized, i.e. markets rate or private rental tenures or other forms of use.

Typical characteristics of tenures in Portugal		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Full ownership is the typical form of owner-occupation	ca. 35% of the population
Flat ownership/condominium	Condominium owner-occupation is one of the major tenures in Portugal	ca. 40% of the population
Cooperative owner-occupation	Exists, but not of relevance.	no information
Other	Usufruct rights and other similar forms are legally possible, but not of relevance	no information

Rental tenures		
Market rate private/commercial rental tenures	Market rate rental housing is understood as housing provided by private landlords and is regulated in the Civil Code mainly under article 1064º to article 1107º. Rental agreements in the private rental market concluded before 2006 are regulated by Law no. 1107.º, complemented by Law n. 6/2006, last reviewed in 2019.	ca.14% of the population
Special regulation regimes	Stricter regulations concerning rent setting and termination apply to rental contracts before 1990	
Public rental tenures		
Subsidized below market and/or privileged access rental tenures	- Supported rent („renda apiada"): This type is applicable to housing owned by public entities or private entities which get financial support from public entities. Rent is calculated according to the income of the families. A tender, a classification, a lottery or an inscription manages the attribution of these type of housing. Supported rent privileges access for (among others) families, persons with disability, and victims of domestic violence or elderly people. - Conditioned rent („renda condicionada"): This type is applicable from a period of 20 years mainly to dwellings sold by public or social entities to homeowners. Rents can be negotiated, but are subject to rent ceilings calculated according to the property tax - (Law n.º 80/2014, 19 December) - Accessible rent („renda acessível"): This newly introduced type is applicable when there is no accessibility to the rent market and supported rent is not eligible. The basic principle is that public support is given to the homeowner instead of the tenant. Fiscal advantages are offered if the rent is set below 20% of the market value.	ca. 3% of the population
Cooperative rental or similar national specific tenures		
Other		
Hybrid forms, e.g. rent-to-buy schemes	Rent to buy schemes under the freedom of contract	niche
Homelessness, temporary and informal housing		
Homelessness	There is no detailed data on homelessness (comprising rooflessness and houselessness). Cases of housing uncertainty have increased with the economic crisis. E.g. according to the National Eviction Desk the number of evictions has risen mostly due to the economic crisis between 2013 and 2018. Also, illegally inhabited dwellings not complying with planning rules face evictions increasing housing instability for the occupants.	estimated at around 4,000 homeless people
Asylum accommodation	There are no refugee camps in Portugal existing but there are accommodation centres due to the fact that Portugal is a relocation State.	
Informal housing	Squatting as a problem occurring predominantly in the aftermath of the 1974 revolution has been resolved until today, mostly via relocation. Lisbon still counts 13 informal settlements under unauthorized housing conditions housing about 1,800 families. A special law regarding informal settlements exists. Currently the legal framework finds itself in an evaluation-process. Rising affordability issues caused by the economic crisis have led to the return of singular cases of occupation.	

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

Owner-occupied housing is the dominant tenure in Portugal with about 75% of the population living in house ownership and condominium ownership. Due to the large share, broad social and income groups have access to home-ownership, with condominium ownership being the preferred choice in urban areas. Given the stable share of home-ownership over time, political attention has been low in the past decade.

Rental tenures

In Portugal about 17% of the population lives in a rented dwelling, both private and social tenures. The private rental market is divided in a sector of rental contracts before 1990 with a rent control regime, and market rent setting after. The international financial crisis that strongly affected Portugal led, in May 2011, to a bail out by the IMF (International Monetary Fund), the ECB (European Central Bank) and the European

Commission for duration of 3 years. In order to control the excessive deficit and receive financial help, After the Great Financial Crisis, under the IMF and European Stability Mechanism ruling, attempts to deregulate the private rental housing system were one measure imposed on Portugal with the goal to foster incentives for the rental market in order to reduce the macroeconomic risks of and foreign debt of the financial sector. In 2012, a new legislation allowed freely negotiated durations of the contract and rent setting. In the same law, regulations aimed at the elimination of rental contracts closed before 1990 that allowed for controlled rents and a higher degree of tenant protection, allowing for a gradual adaption to market rents. Exemptions for elderly sitting tenants, severely disabled persons and low-income households were introduced for a five-year period, with an extension for another 5 years in 2017. Despite the liberalisation, the share of affordable market rate rental dwellings did not increase significantly. However, that rental law did not prove to be effective in achieving its main goal, as the number of rented dwellings in a free market with affordable rents did not increase significantly. Thus, in February 2019, the Parliament enacted new rental rules, aiming a stronger protection of tenants, which represents a shift of paradigm. In order to protect the housing sector from competition with touristic use, in 2018 a new legislation (Law no. 62/2018) allowed municipalities to define areas with limits for touristic use accommodation. Although two different programs for social rental housing exist, the so-called supported rent and the conditioned rent, currently only 3% of the population is benefiting from social housing programs. A new medium income program called accessible rent was recently being introduced in Portugal, its success being therefore unknown. Social housing is usually provided to those with lower income and attributed according to administrative selection procedures. There are some strategies to integrate Romani communities, which are often affected by insufficient and inadequate housing. The increase of supply of public dwellings for medium-low- and low-income families is one of the objectives of a new program („1.º Direito") created in 2018, that establishes public financial support for a large range of housing solutions at local level and mainly to increase municipalities owned dwellings. The program sets special additional support when the dwellings are intended to answer to the housing needs of some specific people or groups, like the homeless, victims of domestic violence or Romani communities.

Homelessness, informal and temporary housing

There is no precise data on homelessness, but it is estimated now that there are around 4,000 of the 10 million people in Portugal can be considered as homeless. There is no official data on other specific forms of informal or temporary housing. The above-mentioned new program 1.º Direito provides financial support to municipalities and social entities to promote housing solutions for rendering homeless people autonomous.

Providers of Housing Services

Individual landlords are the prevailing providers for market rental housing, while social housing is provided by public bodies, usually municipalities, a smaller share also by the IHRU. It is supposed that municipalities increase their activity in this field in the near future, given their competences in the housing and rehabilitation fields, also because of the new program 1.º Direito.

2.4 Housing Issues

General challenges

Portugal has no significant problems of work migration from abroad. However, there is a strong demand from tourists and other foreigners who want to live in Portugal. This is related to a legal framework that attracts wealthy foreigners to invest in properties in Portugal. Among other measures, there was a Golden Visa established for Non-EU-Residents, which is mainly used by Chinese Brazilians and Angolans. By spending € 500,000 for a property and moving permanently to Portugal, the Visa is guaranteed to be granted. Another general issue affecting housing is the ageing society in Portugal, which one of the worst rates in Europe according to the Demographic Statistics from the INE in 2017. Currently energy and climate related issues are not relevant, but energy efficient construction is somewhat affecting housing.

Accessibility, affordability and availability problems

Regarding owner-occupation and rental housing there are usually no accessibility problems in Portugal. An exception are Roma communities, who have access problems on the private market. Portuguese

legislation highly protects elderly or tenants with handicaps in pre-existing contracts. However, this has also caused access problems in case of new tenancy agreements. Housing prices increased sharply over the last five years, which has led to affordability problems. There are the same problems regarding rental housing. The average price of rentals increased 25% in 2018. Therefore, there are calls for the effective establishment and functioning of an accessible rent regime. Even though the housing stock could in principle cover the need for housing in Portugal, this does not mean that all dwellings are on the market or give an adequate answer to housing needs. Current reconstruction policies drive a tendency to return to the urban centres, which leaves many houses and neighbourhoods in the periphery unoccupied. According to the National Statistics Institute in 2017, around 9.3% of the people are living under insufficient conditions.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

The Portuguese constitution guarantees every person the right to proper housing under adequate conditions regarding hygiene and comfort that preserves personal intimacy and family privacy. In Portugal, housing is both an economic and social right. In 2019, a new law „Lei de Bases da Habitação" (Law n. 83/2019) was published, which defines the frame of basic principles and rules to be applied in order to provide the constitutional right to proper housing. According to the 2011 Census, 78% of the Portuguese population are living in their own home, accessed mainly by means of a bank loan or mortgage. Only 17% of the population are renting, of which only 3% live in social housing. The rental sector is getting the most attention from housing policymakers in Portugal. The new rental housing law, established in 2019, seeks to reinforce tenancy stability, after a liberalization of the rent market in 2012. Another aim of this new legal framework is to increase housing affordability by controlling the rents of old contracts and giving fiscal benefits to landlords who make long-term contracts and resort to the accessible rent regime. Access to public housing remains rare since public entities traditionally do not own relevant properties. An exception are social housing dwellings, which were specifically built for such purposes with financial help from rehousing programs. But there are still important limits to housing mobility. Recently, the so-called new generation of housing policies introduced mechanisms to increase the supply of public dwellings for medium-low and low-income families and private dwellings with lower rents for medium-income families. It also introduced mechanisms like the „housing mobility program" aiming at helping tenants of public housing to change housing in case they need to move to a different place.

3.2 Housing Policy Instruments

Name	Porta 65 – Jovem
Instrument type	Housing allowance
Tenures	Rental housing
Description	Rent subsidisation scheme on privately owned dwellings: duration of a year (with a maximum of five years)
Target groups	Young households (One person: 18-35; cohabitation: one person until 36 and the other until 34 maximum)
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	In the tender of September 2019, 2,747 households received a subvention. In 2019 49.7% of the applications were refused given the difference between the rents that are able to be subsidised and the much higher market rent value. For the tender of September 2019, the total budget available was €6,750,000.
Instrument development	Recalibrated 2017

Name	Subsidy NRAU Law nº6/2006
Instrument type	Housing allowance
Tenures	Rental housing
Description	This instrument regulates approximately 50,000 „old" contracts made before 1990 by strongly limiting the landlord's leeway towards the amount of rent by considering the tenant's income and the value of the dwelling (in the style of rent control). The monthly rent is capped at 4.6% of a 12th of the dwelling's value and 25% of the income of the household if the income is not exceeding 500% of the minimum wage. Within these boundaries, there are different thresholds.
Target groups	Tenants at least 65 years old or 60% disabled; but only with contracts before 15.11.1990
Policy formulation	National level
Funding	n. a.
Implementation	National level
Importance	n. a.
Instrument development	As another law keeps the same rents from being raised, the respective law has not been enforced yet. The latest reforms extended the rent freeze until the year 2023 and introduced protective regulation for tenants over the age of 65 years, effectively making it more difficult for the landlord to terminate an old contract due to refurbishment. This law also created additional protection, e.g. the prohibition of tenant's harassment.
Name	Mortgage Relief for unemployed homeowners
Instrument type	Loans; Guarantees
Tenures	Owner-occupied housing
Description	
Target groups	Homeowners in serious difficulties to pay their mortgages
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	n. a.
Instrument development	This Law was only in force until 31.12.2015
Name	Exemption of payment of the Tax on Transmissions – IMT
Instrument type	Taxation
Tenures	Owner-occupied housing
Description	
Target groups	First permanent housing, regardless of specific groups
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	The basis of liquidation should not exceed € 92,407
Instrument development	
Name	Affordable rent program
Instrument type	Subsidised housing
Tenures	Rental housing
Description	This program exempts landlords (singular of corporate) from rental income taxation, for contracts complying with the program's requirements: Maximum income eligibility of tenants; Rent limits according to the median values per m^2 in the area and the specific features of the accommodation (maximum 80% of market price); Housing-cost burden between 15% and 13% for tenants; Minimum occupancy rate (min. 1 person per sleeping room); Minimum lease duration of 5 years (can be 9 months for university students); Mandatory Rental insurances for tenants and landlords. This program can also be very useful for municipalities that choose to establish Public-Private Partnerships for the promotion of new affordable housing.
Target groups	Low and medium income families; university students
Policy formulation	National level
Funding	National level
Implementation	Local level
Importance	n. a.
Instrument development	Introduction 2019

Name	Controlled rental housing
Instrument type	Subsidised housing
Tenures	Rental housing
Description	This regime applies mandatorily, for twenty years' time, to the housing units of the State, municipalities and other public entities that were sold to the respective occupants; and to the units constructed by housing cooperatives and associations that have received subsidies to its financing or construction by public entities. And also to other situations established by law like the rehabilitate to rent program. The value of the rent is initially freely negotiated but should not exceed the 12th of the product resulting from a percentage defined by the government to the fiscal patrimonial value of the unit. Decree n.º 236/2015 set that percentage in 6,7%.
Target groups	Lower income households
Policy formulation	National level
Funding	National level
Implementation	Housing cooperatives, housing associations and private owners.
Importance	n. a.
Instrument development	Introduction / recalibration
Name	New regime of the supported rent
Instrument type	Subsidised housing
Tenures	Rental housing
Description	This regime is mandatory for public owned dwellings rented to low income families according to their ability to pay the rent. The rent is calculated taking into account the income of the family and, if that's the case, the correction of that income according to specific characteristics of the family (single-parenting, deficiencies, etc.).
Target groups	Single-parent families, families with minors, persons with deficiencies aged >65 years, victims of domestic violence. Owners may define other/additional social criteria.
Policy formulation	National level
Funding	Public entities
Implementation	National level (mostly public entities)
Importance	
Instrument development	Recalibrations in 2016

3.3 Reform trends

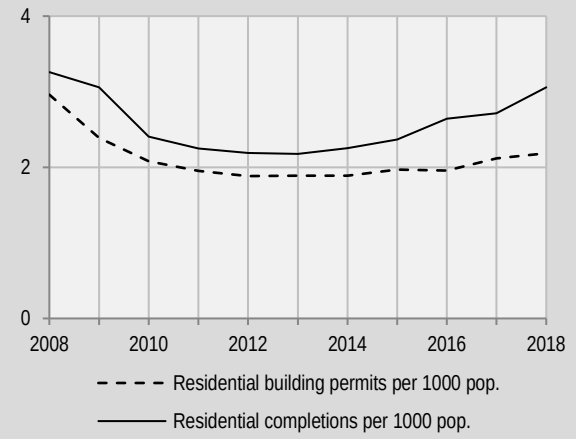
The most important reform in housing law in Portugal was initiated by Law n. º 6/2006, which approved the new urban lease regime, and its complementary Decree-Law on construction works in rented buildings in the same year. After decades of rigid rent legislation, the liberalization the lease market was initiated in 2012. Seven years later, by Law n. º 13/2019, there were new mechanisms established that guarantee more stability in the lease contracts. Currently there is a new „housing framework law" (*Lei de Bases da Habitação*) issued by the Portuguese parliament, which identifies the social function of dwellings as a capital principle. In addition, it links housing to quality conditions of life and „habitat" requirements and organizes already existing but also previewed regulatory instruments of different nature. In 2018 it was approved a resolution that establishes the strategic vision, objectives and instruments of action for a New Generation of Housing Policies. The profound changes in livelihoods and socioeconomic conditions of the population, the combination of shortcomings with structural housing needs, the paradigm shift in access to the housing market, precipitated by the international economic and financial crisis, and the side effects of previous housing policies, showed the need for an integrated approach in sectoral policies, territory and actors, which represents a change in the traditional way of designing and implementing housing policies. Under this strategic plan several new programs where approved, increase the supply of public dwellings for medium-low and low income families as well as of private dwellings with lower rents for medium income families.

Romania

Population (million, 2018)	19.53	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	18.2	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	16.74	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	28.2	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	238,391	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	2.6	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	83.1	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	8,700	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	54.3	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	15,603	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	42.1	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	32.5	EUROSTAT, series t2020_50

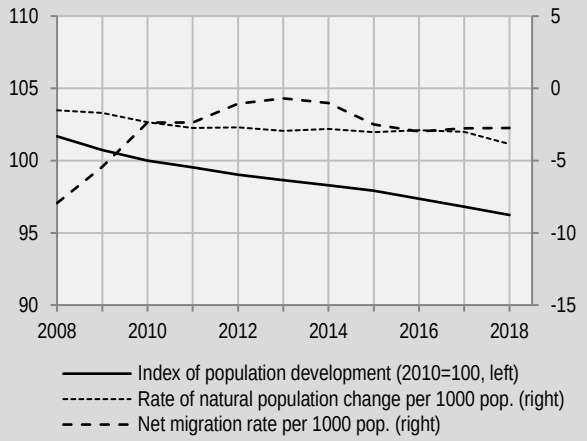
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



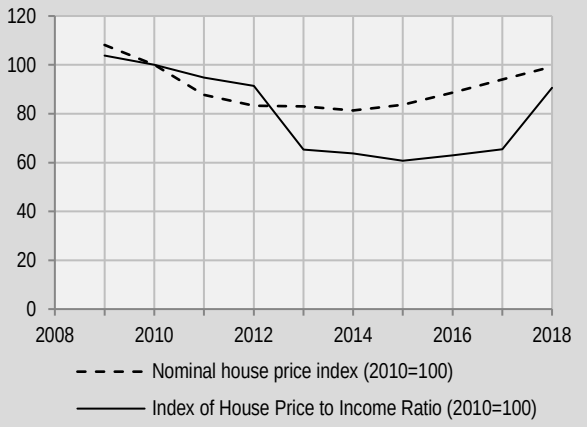
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



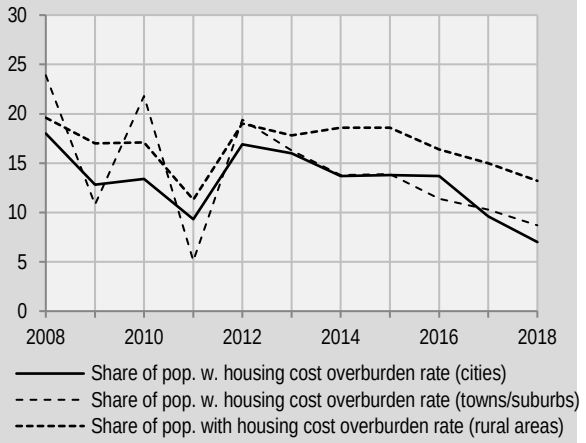
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Bogdan Suditu has been involved as national expert.

1 Governance structure

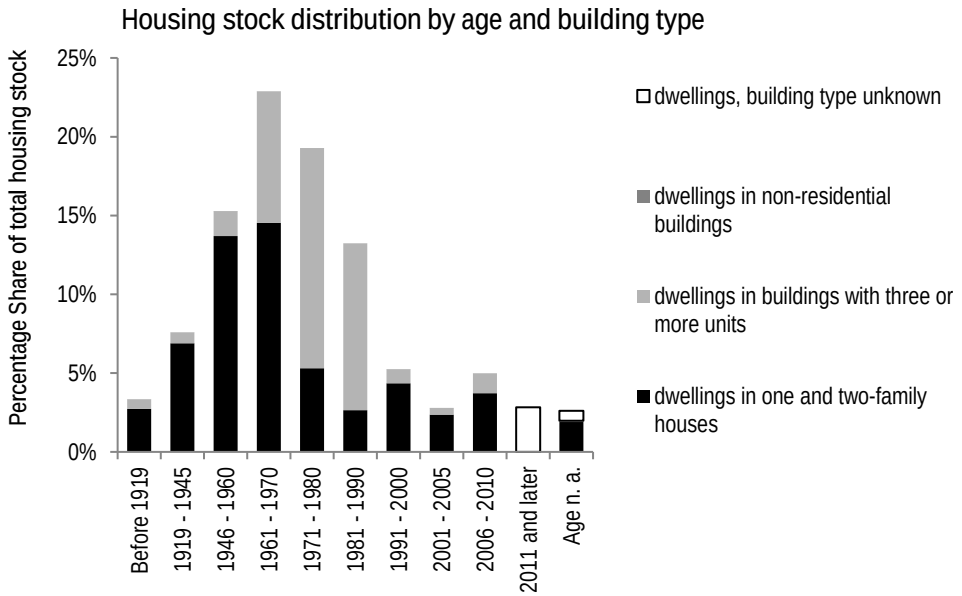
In Romania, two different levels of government are involved in housing policy, including several units on the national level (Nuts0) and the local level (Nuts3 and/or LAU 1 and/ or LAU 2). The regional level has no noteworthy duties and responsibilities in housing policy. On the national level, different national government bodies are involved in housing policy. The Ministry of Public Works, Development and Administration (MPWDA) is the most important body in relation to the housing sector. The MPWDA is – among other things – in charge of territorial planning, urban affairs and architecture, housing, dwelling, thermal rehabilitation of buildings, public works, cadastre, real-estate management and development. Its two main roles are the making of housing policies including the legal framework and allocation of financial resources for implementing housing programs. The National Housing Agency (NHA) is subordinate to the MRDPA and has the mandate to implement public sector housing programs. Some of the main programs are youth housing, mortgage-financed housing programs, and a rental housing concessions program, necessity housing and social housing for the Roma Community. The Ministry of Labour and Social Protection coordinates and maintains the implementation of the legal framework and ensures to combat social marginalisation relating among other things to social housing. The National Agency for Payments and Social Inspection executes the duties and responsibilities of implementing the social programs regarding housing policy in favour of socially marginalized groups. Further national bodies are responsible for administering the loan's individuals receive for the purchase or the construction of a dwelling. Local authorities involved in housing policy are local councils and communes, towns and municipalities and county councils (*judete*). Social and youth housing is one of the main duties of local authorities. Their responsibilities are shared with higher administrative units like the MRDPA. The *judete* mostly have control and intermediation functions in relation to housing. For example, they redistribute the state budget allocations to local councils. The local councils are responsibly for administrative tasks like allocating public land for housing constructions or setting limits for the rent of public housing units. There have been a few changes in responsibilities for housing policy over the past decade. Horizontal shifts at the national level happened in the course of the launch of the First Home Program in 2009. By the introduction of the programme, responsibilities were shifted from the former Ministry of Regional Development and Public Administration (MRDPA) to the Ministry of Public Finance. Vertical shifts between government levels did not take place over the past ten years. The last important vertical shifts relate to the framework Law of Decentralisation of 2006.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The age distribution of the housing stock in Romania shows a strong peak of residential construction in the 1960s to 1980s, especially with multi-family houses. Nowadays these buildings, constructed to meet the demand in urban areas due to the mass urbanisation process supply about 36% of all apartments in the country. Older stock before 1960 is mostly situated in houses with one or two dwellings. New construction after 1990 represents about 15% of the total stock with two distinct phases of higher construction activity, first, in the 1990s, second, in the second half of the 2000s, with a sharp decline after the Great Financial Crisis in 2008. About 58% of the dwellings are in houses with one or two dwellings. Regional housing types differ, with only 22% of the urban population living in single family houses, while in rural areas on average more than 90% of the population lives in single family houses. According to the census 2011 data, about 16% of the dwellings were classified as vacant. Shortcomings of the housing stock concern insufficient energy efficiency, technical systems and structural issues. About 35% of the dwellings

need urgent repairs. Nearly one third of the population lives in dwellings built of simple brick or wooden material. Furthermore, part of the stock is subject to seismic risks. The Ministry of Regional Development and Public Administration supports energy-efficient refurbishments and seismic retrofitting. The current program with the strongest impact aims at improving the energy performance of multi-family blocks that were built between 1950 and 1990. Funding is from central government, local government and homeowners' associations and partly supported by ERDF funds. Owners' contribution in this case may be related to income. Other programs for seismic reinforcement are challenged by the prerequisites, including the necessity of majority voting in condominium associations. In addition, the incentive given by zero interest loans seem not to be sufficient for implementation. There are also programs for historical monument houses providing subsidies for restauration work. Bureaucratic obstacles are comparatively high while budgets are low.



Source: EUROSTAT Zensus Hub (to 2011); 2012 and later: EUROSTAT, National Statistical Offices, European Mortgage Federation Federation (calculated from dwelling stock data 2017)

2.2 Housing tenures

The composition of housing tenures in Romania shows the typical characteristics of post-socialist transformation countries. The tenure system is highly concentrated on owner-occupation due to privatization. Official numbers show that only 2% of the total housing stock is dedicated to the rental housing sector. Estimates including informal letting suggest a percentage share of rental housing around 7-15% nationwide.

Typical characteristics of tenures in Romania		
Tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	The right to ownership for individuals, legal entities and public entities is based on Article 44 of the Romanian Constitution from 1991. Regulations are based on the new Civil Code from 2011. The holder is entitled to exclusively, absolutely, and in perpetuity own, use, and dispose of the property, within the limits of the law. Ownership rights refer to land and built-up structures in common, both labelled „immobile". Rights to construct are restricted by zoning regulations. Ownership includes the full liability for the premises, including the liability of maintenance, repair, and bearing of public taxes, levies and duties.	very large share (ca. 60% of dwellings)

Flat ownership/condominium	Owner occupation of a condominium within an apartment building includes the rights of use and enjoyment of a single condominium, including the right of letting, disposal (sale, inheritance, and donation). The association of condominium owners owns land and construction in common and has the duty of the management, maintenance and modernisation of the common property. The association has the status of a non-profit form organisation set up under the requisites of the law. Decisions about rehabilitation, consolidation, or repair of the commune parts, or the condominium in its entirety are made based on different majority rules.	large share (ca. 30% of dwellings)
Cooperative owner-occupation	Co-operative ownership still exists for the property of cooperatives and associations which did not change their property status after the end of communism.	niche (ca. 300 dwellings)
Other	Three types: Usufruct in favour of an individual, the right to habitation, which allows a person to live in a dwelling, which is owned by another person and the right of usage.	No data available
Rental tenures		
Market rate private/commercial rental tenures	The 1996 Housing Law and the 2011 Civil Code regulate rental contracts under market conditions. Initial contract rents are market rents subject to individual bargaining. Rent increase based on negotiations in the terms established by the rental contract. Termination is without the need of prior notification at the date fixed in the contract or by law. No legal provisions about the utility cost bearing. Landlords are liable for maintenance and repair; minor measures can be shifted to the tenant. Modernisation can be realised by landlords or by tenants upon agreement.	2% of dwellings (official 2011 census data, including public and social tenures). estimated at about 7-15% including informal private rental market
Special regulation regimes		
Public rental tenures	Public funded rental housing consists in several categories: - NHA housing units built for young households (ordinance no. 6/2014 amending and supplementing Article 10 of Law no. 152/1998 on the establishment of the National Housing Agency - Social housing, necessity housing (temporary housing for disaster relief) (Housing Law 114/1996) - housing units for evicted tenants (GEO 74/2007) - publicly owned dwellings resulting from state ownership during communist rule, nationalisation, purchase and other means of acquisition (GEO no. 40/1999). Eligibility is based on household income limits (social housing), age (youth housing) or others specific conditions defined by the states for each category of public housing Social housing is allocated by local government based on access criteria for specific priority groups. Same tenant use rights as in market rental tenures apply. Rent limits according to rent/income ratios in social housing, necessity housing and housing units for evicted tenants. Utility cost bearing by the tenant. Difference to cost rent subsidized by local governments (art. 44 Housing Law). Maintenance and modernisation duties are in the responsibility of local authorities. Termination: in addition to general rules, termination applies if the income exceeds income levels established by the Housing Law for two years.	small share (ca. 1% of the dwelling stock, i.e. 20,000 dwellings in public housing, 30,000 in social housing and 40,000 for youth housing)
Subsidized below market and/or privileged access rental tenures		
Cooperative rental or similar national specific tenures		
Other		
Hybrid forms, e.g. rent-to-buy schemes		
Homelessness, temporary and informal housing		
Homelessness	Several laws shaping legal framework affecting homeless people over the last 15 years. Shelters for vulnerable people, elderly and young people provided by local authorities. Includes residential centres of homeless people.	estimated 5,000 people in Bucuresti, other parts of the country: no data available
Asylum accommodation		
Informal housing	Informal settlements on illegally land or where housing is not in compliance with the planning and building regulations, which can be considered as unauthorized housing.	estimated at about 200,000 people

Source of tenure share data: Census 2011, Ministry of Regional Development and Public Administration 2014, expert estimates

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

In 1950, a large number of urban dwellings and some dwellings in rural areas were nationalised. In 1991, privatization to sitting tenants at strongly subsidized values 40 years later, privatization of the housing stock started. Apartments of former communist blocks were bought in large numbers at subsidised prices by their tenants. Laws L. 112/1995 and L. 10/2010 regulated the restitution of nationalised houses, but also tenants' right to buy. In 2004, privatization of public sector dwellings to employees was initiated (Law 562/2004). Several instruments concerning mortgage-financed housing programs, NHA-financed youth housing, the First Home Programme caused speculative increase of market values for building land in urban land markets, together with gentrification processes in inner city locations. The preference for owner-occupation in the housing policy agenda is visible in the instrument setting, most of which address ownership, e.g. mortgage and construction loan subsidies, VAT reduction, tenant privatisation etc. The privatisation of state-owned housing resulted in a mix of owners with very diverse socio-economic attributes. Thus, homeownership is not associated with a specific social status. Urban property in neighbourhoods with socially significant amenities is more attributed to middle- and higher-income citizens, leading to distinct spatial sorting effects. In rural areas, homeownership is usually the most common tenure facilitated by low costs for land (e.g. using family pre-owned land), self-guided construction and neighbourly held as well as lower building standards. Areas in the rural-suburban fringe of larger cities are often subject to suburbanisation, both by individual homebuilders and professional developers, funded mostly through programmes such as the „First Home" one. Especially low-end developments are characterised by a lack of utilities and accessibility infrastructure. Shared ownership is tied to multi-family housing in urban areas; this includes newly developed „gated communities". Capital constraints for low income households prevent access to the free housing market to. Mostly affected are households that were not able to profit from the privatisation or were subject to eviction in the process of restitution of nationalised dwellings. Access to housing has also been an instrument to improve the social integration and quality of life of disadvantaged and vulnerable groups like the Roma in marginalized rural areas that cannot be addressed by urban social rental housing. Roma are at the centre of a pilot programme which guarantees their access to minimum standard housing by building around 300 dwellings. Given the strong demand for social housing by the general population, these kinds of prioritization have also been criticized, also because of the risk of further social exclusion.

Rental tenures

The privatization of the dwelling stock left only marginal shares of rental tenures. Beginning in 1996, the modified Housing Law 114/1996 defined the different forms of rental dwellings, i.e. various forms of social housing, employee housing, necessity housing etc. Subsequent legislation defined the according agencies like the National Housing Agency, the programs and further regulation. While in the first years mostly older dwelling were used for rental tenure, over the last decade buy-to-let investments were increasing. On the other side, the ongoing processes of restitution of nationalised housing increases vacancies, increases the number of evictions and reduces housing stability and modernisation activity. Thus, the restricted supply of official private rental housing increases rents and reduces access for middle- and low-income households. This further restricts labour mobility and the rebalancing between rental tenures and ownership. Private letting is often part of the grey economy without written contracts which reduces tenant security further. Even though demand for housing for vulnerable people is rising, rental tenure is not a subject of political debate. The privatization of public housing continues and funding for social housing is still limited. Legal provisions intended to finance the construction of social housing are being discussed, both not yet implemented. In general, the private rental market and youth public housing is targeted at medium income groups, youth, and starter households with predominantly temporary residential function. Social rental housing is targeted at low-income people (cp. Instrument questionnaire). Nationalized housing houses diverse groups. Low rents and partially appreciated historical buildings disincentive moving and may potentially increase demand-supply mismatch.

Homelessness, informal and temporary housing

There is no official data for homelessness in Romania. Estimates are around 5,500 homeless people in the capital Bucharest. More information is available for informal housing. Around 200,000 people live in

informal settlements, generally characterized by a lack of access to technical and social infrastructure, buildings without ownership of the land or non-according to planning regulations. Four types of informal housing can be observed: First, new settlements, built without permit or accordance to zoning regulations and located in relatively random locations in the urban fringe or outside of city limits. Second, makeshift settlements, built in residual urban areas not zoned for housing, often because of natural or technical hazards (floodplains, exposure to emissions). Third, permanently used temporary housing solutions like barracks. Fourth, illegally planned and constructed settlements of Roma communities within the urban context, resulting from forced sedentarisation in the post war eras, spontaneous development or other reasons for spatial marginalization.

Providers of Housing Services

Due to missing official data, only estimates can be provided. Providers of rental housing are local public authorities, homeowners that rent out their apartments, real estate developers which rent out housing explicitly built for this purpose or housing failed to sell on the market.

2.4 Housing Issues

General challenges

Romania is a country of emigration and has lost approximately 3 million inhabitants during the post-socialist period. By 2050, the population is expected to decrease by about 15%. Therefore, there are no housing problems relating to immigration from abroad. However, there is within-country migration, especially of young people to the outskirts of small, medium-sized and large cities. Currently, Romania has a housing stock surplus of 1.3 million dwellings (for 7.2 million households, there are 8.5 million dwellings available). However, the housing stock is rapidly deteriorating due to sustainment and management problems related to old multi-family buildings. Besides low-income families, many middle-income families also live in historic buildings in deteriorated neighbourhoods. These are seismically unsafe while the tenants do not receive any financial resources to improve conditions. Romania is an ageing society, which has an impact on housing. Dwellings are usually not barrier-free. Elderly people often have low-incomes while their dwellings have high maintenance costs. Urban sprawl affects Romanian cities and the quality of life in a negative way and transforms rural or agricultural areas around Romania's biggest cities into peri-urban-areas. This leads to increasing costs for transport and public infrastructure. The seismic risk in Romania is one of the highest in Europe. Around 10,577 households are classified in the highest seismic risk category. The need for structural strengthening on the one hand and the lack of necessary means by the owner on the other hand results in dangerous housing conditions. The problem results from the privatization process of formerly nationalized housing stocks and the transfer of responsibilities to the new owners. Inefficient bureaucratic processes and a lack of administrative staff aggravates the situation.

Accessibility, affordability and availability problems

In Romania, there is no legal limitation for access to ownership or rental housing. There are strategies and normative acts for improving the quality of life of socially disadvantaged groups like the Roma. These include ensuring access to housing. In rural areas, the affordability of privately-owned dwellings is not a problem. Due to a lack of rental housing and an increase in land and home prices in larger cities, low and medium-income groups face accessibility problems. Often, they resort to buying smaller dwellings or move to the outskirts of the city. Low and medium income groups also have problems with affording rental housing due to higher prices in larger cities and the absence of any regulatory reflects on the supply and demand ratio. There are no availability problems related to private ownership, because 16% of the housing stock is vacant. There is however a lack of smaller affordable dwellings for students, young families and low income-groups in larger cities.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

There is no official statutory framework of housing policy in Romania. Article 47 („Living Conditions") of the Romanian constitution stipulates, among other things, that the state has to ensure decent living conditions for the citizens of Romania. The Housing Law of 1996 is based on the principles: „Free and unobstructed access to housing as a right to all citizens" and „Building new dwellings is a long term primary objective of national interest for the public central and local administration." These principles are the foundation for several housing programs and policies related to access to housing, building of housing, types of housing subsidies, and social protection for tenants. Romanian housing policy in the past 30 years is essentially marked by the large scale privatizations that took place after 1990. The biggest change that occurred over the last ten years is that policies and programs pay more attention to access to home ownership and improving the quality and energy efficiency of the housing stock.

3.2 Housing Policy Instruments

Name	Social assistance for heating costs
Instrument type	Housing allowance
Tenures	Owner-occupied housing
Description	
Target groups	Low income homeowners
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	
Instrument development	
Name	The subsidy for the housing rent for low income families and persons
Instrument type	Housing allowance
Tenures	Rental housing
Description	
Target groups	Low income renting households
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	
Instrument development	
Name	Guaranteed mortgage loans – The First Home Program
Instrument type	Subsidy for homeowner and homebuyer
Tenures	Owner-occupied housing
Description	The program aims at enhancing the general access to buying or building a house by bundling mortgage loans guaranteed by the state. The amount of the guarantee depends on the category of the housing unit the mortgage was issued for.
Target groups	Young (under 35 years) couples and individuals buying their first residence
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	
Instrument development	Introduced 2009, modified several times

Name	Subsidies for Collective Savings and Loan Products Program
Instrument type	Subsidy for homeowner and homebuyer
Tenures	Owner-occupied housing
Description	The program addresses buyers with a bank loan for housing purchase and other measures (renovation etc.) participating in a collective savings and loan scheme (comparable to the German and Austrian „Bauspar"-System. Typical schemes include a savings rate of 2% annually which is connected to a loan with 5% interest. The grant premium amounts to 25% of the amount saved by the participant. There is an annual maximum of 250 Lei.
Target groups	Buyers of owner-occupied housing.
Policy formulation	National level
Funding	National level
Implementation	National level
Importance	
Instrument development	Since 2015 this program has been temporarily suspended by the Court of Accounts due to alleged irregularities. The issue has not been resolved yet.
Name	NHA Mortgage-financed Housing Program
Instrument type	Subsidy for homeowner and homebuyer
Tenures	Owner-occupied housing
Description	The program aims at people who want to build a dwelling through the National Housing Agency. The applicant has to ensure funding by signing a mortgage contract with one of the agency's partner banks. The land where the dwelling is built has to be designated for the purpose of the program by the local authorities, which also have to provide the technical infrastructure (utilities). For this program, the National Housing Agency builds for itself a land portfolio by soliciting and taking them, according to existing legislation provisions, out of the public state-owned land or the territory of the administrative-territorial units
Target groups	No specific target group
Policy formulation	National level (National Housing Agency)
Funding	National level (National Housing Agency)
Implementation	Local level (in collaboration with National Housing Agency)
Importance	
Instrument development	No developments over the past ten years
Name	Public housing with subsidised rent - Youth Housing Program
Instrument type	Subsidised housing
Tenures	Owner-occupied housing; Rental housing
Description	The National Housing Agency uses its own land (or land offered by the state or the respective municipality) in order to construct additional housing for young people with low income. After the completion, the municipality may allocate the dwellings to solicitors based on a rental contract. After a minimum rental period of one year, the dwelling may be sold to the contractor.
Target groups	Young people with low or middle income who cannot afford to buy or rent.
Policy formulation	National level
Funding	National level
Implementation	Local level
Importance	
Instrument development	No developments over the past ten years
Name	Public housing with subsidized rent - Social Housing
Instrument type	Subsidised Housing
Tenures	Rental housing
Description	Social housing is considered a dwelling allocated by a public authority (usually the municipality) showing low rent levels and thereby subsidizing the market rental price for households who cannot afford to buy or rent on the market. New as well as existing dwellings may be allocated under this instrument. While the national state is paying subsidies to the municipalities through a designated grant system, the local authorities are responsible for building new dwellings and/or refurbishing existing ones for the purpose of social housing. Utility infrastructure has to be supplied by the municipality. The housing stock under these rules must not be sold. The lease contract with the beneficiary of the social housing is signed by the mayor of the respective municipality. The duration of the contract is set to five years and may be prolonged. The rent must not exceed 10% of the occupant's income, defining the subsidy as the difference between the two amounts. Since most occupants under this program are typically poor, such rents may cover only little amounts, putting a significant burden on the municipality's budget. As a result, construction of social housing has not been significant in the last decade.
Target groups	Disadvantaged people with low or no income.
Policy formulation	National level
Funding	National and local level
Implementation	Local level
Importance	
Instrument development	No developments over the past ten years

Name	Social Housing for tenants evacuated from nationalised houses
Instrument type	Subsidised Housing
Tenures	Rental housing
Description	The program supports aims at supporting tenants evicted from a special part of the housing stock (former nationalised houses which were restituted to former owners).
Target groups	Tenants in respective dwellings, people with low income, disabilities, pensioners
Policy formulation	National level
Funding	National and local level
Implementation	Local level
Importance	
Instrument development	No developments over the past ten years

3.3 Reform trends

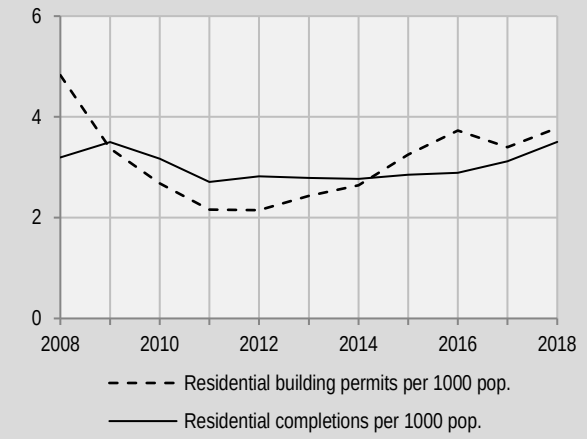
The most important reform trends regarding the housing policy of Romania are on the one hand the First Home program of 2009 that improved the loan guarantees to buyers purchasing finished dwellings under € 60,000 or dwellings under construction or planned under € 70,000. In 2012, an analysis about the efficiency and necessity of all programs implemented by the MRDPA resulted in a reorganization including a more regional perspective. Currently, the MRDPA is actively working towards the improvement of the financial and legal framework and the operation mechanism for the consolidation of buildings with seismic risks. In general, a renewal of the housing stock is planned.

Slovakia

Population (million, 2018)	5.44	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	15.5	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	5.09	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	30.9	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	49,035	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	3.5	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	111.8	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	15,520	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	57.3	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	16,292	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	40.2	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	16.3	EUROSTAT, series t2020_50

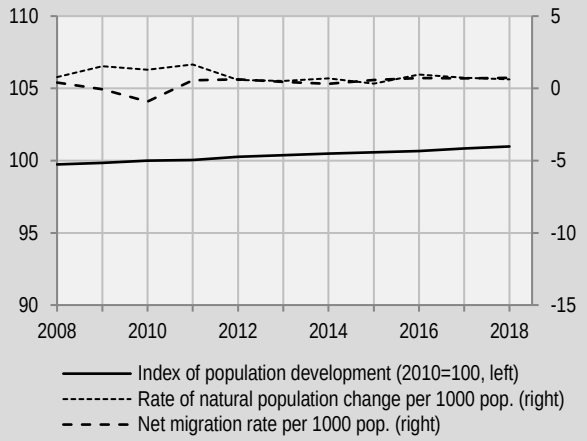
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



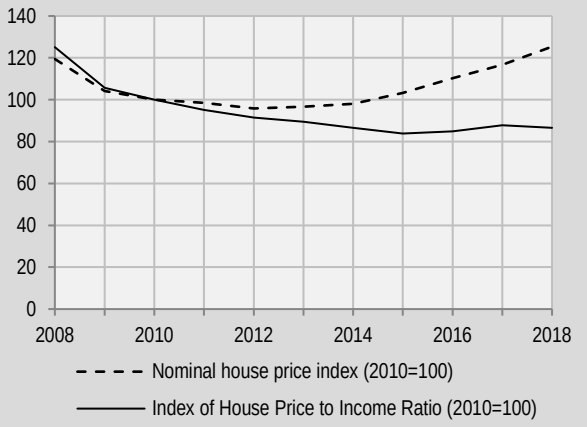
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



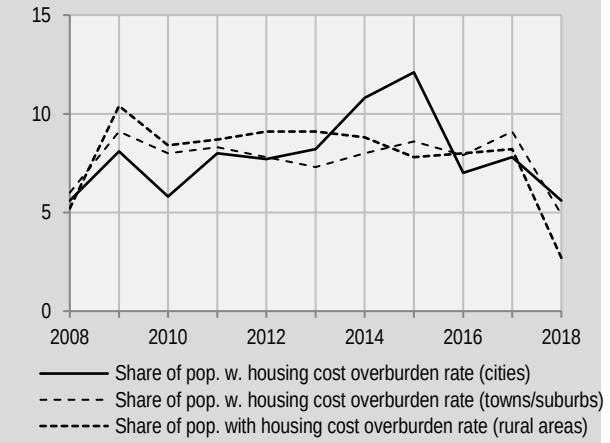
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Marek Hojsik has been involved as national expert.

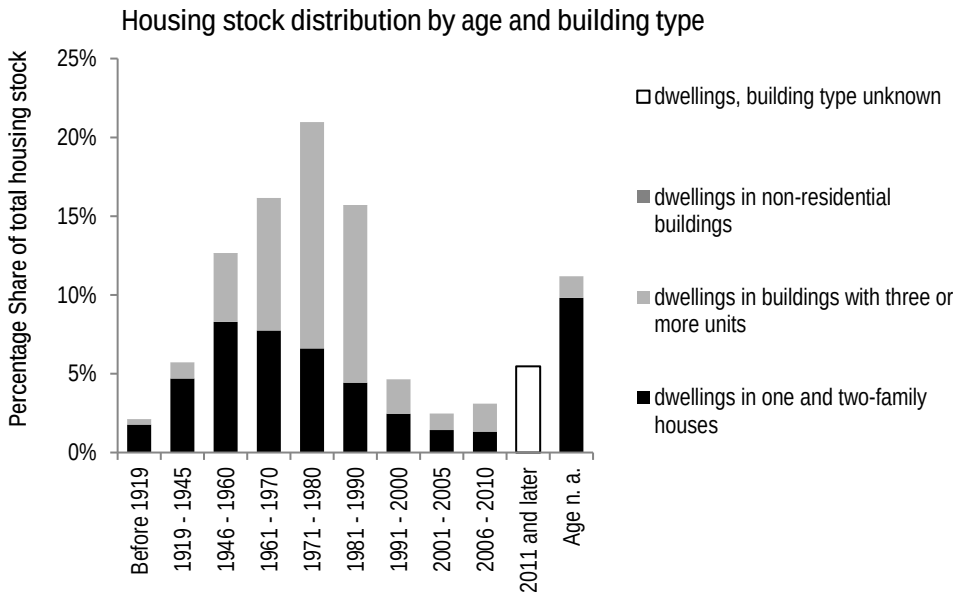
1 Governance structure

Slovakia has several governmental institutions on the national level that engage in housing policy. The following ministries are involved: Transportation and Construction (MDV), Labour, Social Affairs and Family (MPSVR), Finance (MF), Health (MZ), Interior (MV) and Justice (MS). Aside from the ministries, it has a State Fund for Housing Development available for housing issues. The ministries have different responsibilities concerning housing policy. The Ministry of Transportation and Construction is concerned with development of national housing policy, housing management policy, legal regulation of construction (including technical norms), regulation of spatial planning, development of national urban development policy, data collection and analysis, distribution and management of grants for development of rental social housing (including construction of technical infrastructure) and for refurbishment of residential buildings (including the improving the energy efficiency). The Ministry of Labour, Social Affairs and Family has responsibilities for housing allowances and management of the *Operational Programme Human Resources* (parts of this fund aim at housing development for Roma communities). The Ministry of Finance is engaged in price regulation in public rental housing as well as in the financing of governmental housing-related programmes and policies. The Ministry of Health has responsibilities for the legal regulation of sanitary requirements of accommodation and housing. The Ministry of Interior is concerned with the implementation of the *Operational Programme Human Resources* (which is managed by the Ministry of Labour, Social Affairs and Family) including the development of housing for Roma communities. Finally, the Ministry of Justice regulates the tenancy as part of the Civil Code. The State Fund for Housing Development distributes and manages state loans for housing related concerns, meaning ownership and rental support, purchase of land, construction of technical infrastructure and refurbishment of existing housing. On the local level, Slovakia has two levels that are responsible for housing policy. The first ones are the higher territorial or regional units, so called VÚC, of which they have eight in total in Slovakia. The second, smaller units are the local municipalities (*obec*). Slovakia has 2,891 of those self-governing units. The *VÚC*s are theoretically responsible for the development of public rental housing. They can ask financial support from the Ministry of Transportation and Construction and from the State Fund for Housing Development. In practice, no application has been recorded yet. The *obce* differ in size and needs concerning their housing policy. In small municipalities with few civil servants, the housing agenda is not separated from others as social or financial topics in the municipal office. In larger towns, there may be more differentiation in tasks: some even have separate Housing Stock and Housing Development departments. The municipalities are the main public stakeholder in management and development of public housing stock. In the after-1989 transformation, the mainly state-owned housing stock was transferred to the municipalities, which then privatized most of it. Municipalities also receive the government grants for development of public rental housing. The *obce* plan their own housing development strategies. They act as local construction authorities giving permits and approving constructions, which would theoretically allow the municipalities to put an obligation onto private developers in order to establish a fraction of newly developed housing units under the rules of social housing. In practice, there is no case known where this option has been used. There only have been minor shifts in housing policy responsibilities over the last decade. In 2010, the Ministry of Construction and Regional Development was merged with the Ministry of Transport, which let only to a formal shift in responsibilities. There were no vertical shifts reported.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The age distribution of the housing stock in Slovakia shows a strong peak of residential construction in the 1960s to 1980s, especially with multi-family houses. Older stock, especially before 1945 is mostly situated in houses with one or two dwellings. Between 1948 and 1990 about 1.4 million dwellings were built, both as a replacement of WW II damages and as part of the mass urbanization policy. Prefabrication allowed for a high output but low construction quality increased maintenance cost. This public housing system represented almost half of the dwelling stock in Slovakia after the end of the socialist era. In 1991, the Comprehensive Housing Construction Program ended, followed by a steep decline in new residential construction. In the decade to 2000 only about 80,000 new dwellings were built, half of them by private investors, and 30% by cooperatives. Since 2010, residential construction activity increased again. New construction after 1990 represents about 15% of the total stock. About half of the dwellings are in houses with one or two dwellings. Regional housing types differ, with about 10% of the urban population living in single family houses, while in rural areas on average 85% of the population lives in single family houses. Especially the housing stock constructed during the period of mass development was subject to several structural, technical and safety issues caused by low quality of construction and a lack of maintenance and poor energy performance. In 1999, a related refurbishment strategy was initiated. Since 2000 the refurbishment was financed through a governmental programme and since 2006, the refurbishments have been financed through loans provided by the State Housing Development Fund (Štátny fond rozvoja bývania, ŠFRB), also incorporating European Regional Development Fund (ERDF) means.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: EUROSTAT, National Statistical Offices, European Mortgage Federation Federation (calculated from cumulative housing completions 2018)

2.2 Housing tenures

The composition of housing tenures in Slovakia shows a typical pattern of high shares of owner-occupation due to tenant privatization after the end of the socialist period. About five of six are owner-occupiers, half of them in multi-family houses. In contrast, the relevance of co-operative housing decreased sharply with the privatization, with a share of less than 4%. Also, the rental housing market is rather small with about 3% share of private and of subsidized rental tenures.

Typical characteristics of tenures in Slovakia		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Residential real property is regulated by a specific law (Act no. 182/1993). Property rights guarantee the full rights of use and disposal. All properties must be registered in the *Cadastre Registry*, which collects data about size and use. As an outcome of collectivisation in the socialist era, ownership rights for land and buildings are separated, the dwellings and land can be owned by different persons. The use of land for construction must therefore be certified by the owner which can also include payment by the user. The property rights include the full rights of use, enjoyment and disposal. Limitations by neighbours' rights as well as by burdens such as usufruct, prohibition of or obligation to action may apply. Non-permitted construction cannot be removed if it is a residential building.	large share (ca. 43% of dwellings
Flat ownership/condominium	Same regulation as for individual ownership applies. Owners of individual apartments are inseparably co-owners of the common and structural parts of the building. Management of the common property may be organised by the association of owners or by contract with a third party. Management contracts must be registered by public authority. Different majority voting rules apply for management and refurbishment decisions. Transfer of ownership of the common parts is only allowed with unanimous vote; for use (e.g. letting) or disposal of individual apartments no approval is necessary.	large share (ca. 42% of dwellings
Cooperative owner-occupation	Cooperative ownership was the only form of legally available quasi-ownership of apartments during the communist regime. After 1989, the formal tenure has continued, but factual regulation is similar to condominium ownership. Members of co-operative housing own a share in the co-operative. Transfer of ownership rights, letting or renewal of the dwelling needs consent of the co-operative. Rights to buy co-operative dwellings at state regulated prices for shareholders are regulated by Act no. 42/1992.	small share (ca. 3% of dwellings)
Other	Usufruct as a burden to real property rights	no data available
Rental tenures		
Market rate private/commercial rental tenures	The rental tenancy is regulated by the Civil Code (§663). Contracts can be agreed for a fixed term or open term. Legal protection for tenant security is high. Contracts can only be terminated in consent or under special circumstances such as the tenant violating the contract or the need of the dwelling for the owner himself. If not having violated the contract, the tenant of an open term contract has a right to substitute housing in case of termination. In 2014 legal provisions (Act no. 98/2014) for a short-term tenancy was established.	small share (ca. 3% of dwellings)
Special regulation regimes		
Public rental tenures	Municipal housing	small share (ca. 3% of dwellings, including municipal rental housing at market price)
Subsidized below market and/or privileged access rental tenures	The subsidized housing is financed by MDV's grants and the State Fund for Housing Development. Eligibilty criteria are income (not exceeding three times the subsistence minimum), vulnerable group status, e.g., disabled persons, or municipal employee status. Two standards of housing are defined, both with different levels of subsidization. Common standard: 60m², subsidy of up to 40% of the building costs (price ceilings apply) and lower standard with up to 45m² floor space and subsidization up to 75%. The latter category does not meet international standards for residential buildings though. Rent ceilings of 5% of the annualized procurement costs apply. Slightly other terms for floor are and eligibility apply for subsidized housing for employee-housing for public or corporate institutions financed with ŠFRB low interest loans.	
Cooperative rental or similar national specific tenures		
Other		
Hybrid forms, e.g. rent-to-buy schemes		

Homelessness, temporary and informal housing		
Homelessness	Data from census 2011: ca. 23,000 homeless persons. Estimations according to ETHOS categories: roofless ca. 800, in shelters ca. 800. Figures may vary with time and method of estimation.	
Asylum accommodation	Three refugee camp locations. Due to the restrictive asylum policy and low immigration rates the capacity is not fully used.	Capacity of ca. 900.
Informal housing	Predominantly Roma settlements, both in legally settled houses, houses without building approval or construction permit, substandard dwellings or non-residential buildings.	Data from 2012: ca. 30,000 dwellings, including both houses built without permit, substandard dwellings or non-residential buildings.

Source for relevance data: Census 2011, expert estimates

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

Tenant privatisation of former State-owned housing at very low prices, large groups of society turned in to owner-occupiers. In consequence, owner-occupation is today typical for most social groups, with exception of the poorest and most socially marginalized. Due to the historically inheritance rules, land ownership was highly fragmented. Since this factor reduced the pre-Communist (before 1948) urbanisation process, after 1989, the problem of restitution of urban residential property was smaller compared to other transformation countries in central and Eastern Europe. The development of owner-occupied housing is a key issue of housing policy. Support is given in form of low-interest loans, state guarantees, contribution to mortgages and savings for housing development. Although the future development of owner-occupation will tend to more reflect socioeconomic stratifications, owner-occupation remains the most preferred housing option. This partly be attributed to a lack of appropriate rental housing, but also to the role of home-ownership for private wealth creation and welfare, e.g. in respect to e.g. very low retirement pensions). Cooperative tenures are supposed to continue to decline, but co-operative rental housing has been defined as an opportunity to develop housing in the national housing policy discussion.

Rental tenures

The private rental sector is small and strongly regulated in terms of termination and tenure security. In order to increase the attractiveness of private renting in 2014 a new regulation for a short-term tenancy of a six year maximum was introduced. In order to qualify and to prevent grey market letting activities, the new regulation only applies for registered contracts. Total public funding for development of social housing has been, on average, decreasing since 2007, despite the visible efforts to give incentives for investment in social housing also for private sector investors. Although targeted at low income groups, social rental housing has relatively high thresholds for eligibility, higher than the national average income. Thus, targeting of social housing remains unclear.

Homelessness, informal and temporary housing

This mainly refers to settlements of marginalised Roma households with housing infrastructure built or without legal permit and/or without legal title to use the land. Often the housing does not meet technical and hygienic standard and access to infrastructure. In 2012, from ca. 29,000 dwellings in Roma settlements in Slovakia, of which ca. 35% were in apartment buildings, 25% in legally settled houses, each 15% without permit and substandard dwelling status. The most affected regions were Prešov, Košice and Banská Bystrica. 35% of the land was owned by the inhabitants, 31% by municipalities, 20% by private owners, the rest by other institutions, e.g. also including church property. Due to the historical inheritance law, multiple co-ownership of land reduces the chances of settlements of land use rights.

Providers of Housing Services

Social Housing provision is supported by the state through the Ministry of Transportation and Construction and the State Fund for Housing Development. Although private sector institutions are entitled to subsidies for rental housing, most funding has been requested by municipalities. The size of commercial market rate rental housing sector cannot be estimated.

2.4 Housing Issues

General challenges

The main challenges of housing provision in Slovakia are availability (accessibility) and affordability of housing related to a shortage of housing. According to the 2011 Census, had one of the lowest rates of available dwellings per capita (370 dwellings per thousand inhabitants or 329 occupied dwellings per thousand inhabitants). This shortage eventually affects all types of residents and all types of housing in the country. The lack of opportunities in rental housing causes particular problems in the geographic mobility of labour as well as social mobility and inclusion. This is particularly true for vulnerable groups like the Roma population, whose settlements are often ethnically and spatially segregated and characterized by poor living conditions.

Accessibility, affordability and availability problems

Availability of housing is the main problem in Slovakia. As a result of political changes after 1989, there were substantial changes in housing markets and policy. There was a decline in public investments in housing as the State ceased its direct support of housing construction. While 33,437 new dwellings were constructed in 1989, only 6,709 dwellings were constructed in 1994 and 6,157 dwellings in 1995. Last year 20,171 dwellings were completed. During the transition period, the government also shifted responsibility to private owners by privatizing dwellings to sitting tenants (public rental and cooperative sector). This massive privatization literally wiped out the (public) rental housing stock and owner-occupied housing soon became the by far most popular form of housing. According to the data from the 2011 Census, 90.5% of all dwellings were owner-occupied, only 3.5% were owned by cooperatives, and approximately 3% were in public ownership. Private rental stock is assumed to be of very little importance while there are no valid data available on the scale of the private rental stock. Altogether, the housing stock in Slovakia remains rather small in relation to the overall population. In 2011, 370 occupied dwellings met 1,000 inhabitants, hence 28% of the population live in overcrowded housing (but the number is declining). After a low resulting from the economic crisis in 2008, the construction of new housing is now growing again. From 2013 to 1017, 78,200 new dwellings have been built, of which 98% have been private ownership housings, and 6,694 dwellings dwindled. Problems with accessibility are related to the available housing stock and the existing ownership structure. Access to housing is limited not only for the most disadvantaged groups of population, but also lower and middle income groups. For instance, 84.2% of the between 18 and 29 years old live with their parents, compared to 68.2% in the EU. The lack of opportunities in rental housing has a great impact on the geographic mobility of labour as well as on social mobility and inclusion. Although there is a national scheme for financing public rental (social) housing available since 2000, its implementation is lagging behind. More than 40,000 dwellings (amounting to approximately 10% of all yearly completed new dwellings) were built under this scheme all over Slovakia, but much more would be needed. The decision on providing social housing is on discretion of municipalities (if they want to build social housing, it is not an obligation, selection tenants…) Access of the most deprived persons is often limited as many municipalities that rent out flats examine the potential tenant's ability to pay rent or set a minimum income level and intended necessary housing allowance system changes had not been implemented yet. Marginalised Roma communities are facing particular problems in accessing both ownership and better rental housing. While central government grants and EU funding are available in principle, municipalities have not been on a par with addressing the problem and implementing solutions leaving Roma often to live in ethnically and spatially segregated settlements without proper access to infrastructure, quality education or the labour market. Concerning affordability, house prices continue to grow, despite an increase in construction. In real terms, house prices grew by 8.6% year-on-year in the third quarter of 2019, which is the second highest growth rate since the crisis. The capital Bratislava has a much higher price level compared to the rest of the country (€ 2,148/m^2 in 2018, which is about

€ 1,100/m^2 above the national average). A low interest rate environment continues to contribute to the elevated demand for loans (80% of housing transactions in Slovakia are made with the use of loans). Recently, the central bank put forward measures with the aim of slowing growth in household debt, particularly by raising the bar for lending to the riskiest (with lower income) borrowers through the debt service to income ceiling and thereby making it more difficult for these households to buy housing. Private rents also continued to rise (about 8.0% year-on-year), mostly because of the underdeveloped rental market. Rents in municipal social housing are regulated and cost covering. There was no growth in these rents. Unfortunately, municipal social housing construction is not aligned with a functional housing allowance system, mainly for lower income groups. For the concerned households, even rents in social housing can therefore be expensive as housing benefits may cover (even if not always) the rent but not the whole housing costs (such as electricity, water, sewage, taxes and fees).

3 Housing Policy

3.1 Guiding Principles of Housing Policy

Since the end of the communist regime, housing policy has been continuously liberalized and market regulations have been reduced. The Slovakian national housing policy strategy is based on the ideal of a market economy with individual responsibility for acquiring housing. Access to housing is directly related to the economic means of the individual. The State's main role is to create a stable market environment allowing the households to procure a dwelling adequate to their income. There are two long-term priorities of the national housing policy. The first is refurbishment and energy efficiency interventions in existing housing stock. The multi-family housing stock, at the time of its privatization, had been in poor physical and technical condition, with high-energy consumption and aged technical infrastructure. Slovakia has made substantial progress in refurbishment and modernization of this stock over the last two decades by offering long term low interest loans for refurbishment and energy efficiency measures through the SHDF and funded by ERDF, owners' resources, building saving loans, and other commercial loans. The second priority is the strengthening of the rental housing sector (public and private). According to Slovakian national housing policy strategy it is necessary to create suitable housing conditions particularly for disadvantaged groups whose needs cannot be satisfied without state intervention, other actors in the housing market, and without additional social and educational activities.

3.2 Housing Policy Instruments

Name	Housing allowances
Instrument type	Housing allowance
Tenures	Owner-occupied housing; Rental housing
Description	The housing allowance is part of the aid in material need instrument and was designed to help people with low financial capacity. The amount of aid depends on the income of the household members. The basic amount can be increased through several supplements, one of them is the housing allowance aid (€ 55.80 for a single-person household or € 89.20 for a household with more than one member). It can be refused to applicants if their housing is illegal or if they have outstanding debts.
Target groups	Housing allowances target the poorest households that are entitled for aid in material need.
Policy formulation	National level
Funding	National level
Implementation	Deconcentrated central level: Central Office of Labour, Social Affairs and Family through its network of local offices
Importance	In January 2019, 66,046 households (including 147,309 persons) received the aid in material need. Out of them, 31,948 households received also the housing allowance.
Instrument development	Introduction in 2003, little recalibrations

Name	State's bonus to saving for housing-related purpose (Štátna prémia k stavebnému sporeniu)
Instrument type	Instrument for homeowner and homebuyers
Tenures	Owner-occupied housing
Description	Subsidy in form of a grant for savings
Target groups	people participating in bank saving for housing-related purpose with income ceiling (1.3-times the average salary)
Policy formulation	n. a.
Funding	n. a.
Implementation	n. a.
Importance	Allocation € 23 million in 2019 (total state budget € 17,539 million)
Instrument development	Major changes from 2019 making the access more difficult and conditions less favourable: beneficiaries' income ceiling; decrease of the bonus from 5% (the bonus not exceeding € 66.39) to 2.5% (not exceeding € 70) of the annual savings); housing-related use of the savings must be demonstrated
Name	State's contribution to young people's mortgages to decrease the interest rate (Štátny príspevok k hypotekárnemu úveru pre mladých)
Instrument type	Instrument for homeowner and homebuyers
Tenures	Owner occupied
Description	Subsidy in form of a grant; mortgage ceiling (up to € 50,000 covering a maximum of 70% of the housing's price)
Target groups	beneficiaries below 35 years with income ceiling (1.3-times the average salary)
Policy formulation	n. a.
Funding	n. a.
Implementation	n. a.
Importance	In 2017: approx. 72,000 beneficiaries, Allocation € 29 million in 2019
Instrument development	Major changes from 2018 making the access more difficult and conditions less favourable (income ceiling, the contribution cannot exceed 50% of the paid interests, up to € 400 per year
Name	Loans for support of housing development (ŠFRB)
Instrument type	Subsidised housing
Tenures	Owner Occupied / Rental Housing
Description	ŠFRB provides low interest loans for the development of rental housing as well as support for owner-occupied housing. Supported dwellings for rent a reserved for at least 20 years for households within defined income thresholds. The supported dwellings have to be in defined size categories. The maximum loan is € 65,000 to € 75,000 and the loan depends on the type of investor (lower for municipalities, which receive other grants; higher for other legal entities). The loan has to be payed within 20-40 years (also depending on investor type). Regarding the support of owner occupied housing income is the main eligibility criteria (maximus four times the subsistence minimum). 75% of the procurement costs can be covered by the loan with a repayment period of 20 years.
Target groups	income threshold; more advantageous conditions for specific groups (handicapped, persons leaving institutional care)
Policy formulation	National level
Funding	National level
Implementation	National level (public fund ŠFRB)
Importance	In 2017, the portfolio included 36,966 clients. In 2017, loans supported development of 1,787 dwellings and refurbishment of 27,415 dwellings. In 2017, loans of total amount of € 185.5 million.
Instrument development	Recalibrations: support to private investments in rental housing introduced
Name	Grants for development of municipal rental housing
Instrument type	Subsidised housing
Tenures	Rental housing
Description	n. a.
Target groups	Income ceiling, more advantageous conditions for specific groups (lone parents, handicapped, professions providing services for the municipal community); persons leaving institutional care; substitute housing for tenants of restituted dwellings
Policy formulation	n. a.
Funding	n. a.
Implementation	n. a.
Importance	In 2018, 1,385 dwellings were supported. In 2018, grants in total amount of € 26.34 million provided.
Instrument development	No changes.

3.3 Reform trends

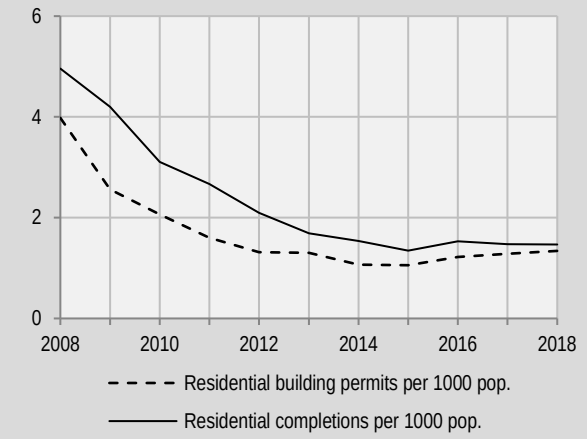
Housing policy in Slovakia is characterized by rather few changes. The conditions for private investment in the (social) rental housing market have been improved, but this has not yet had a major impact. The government is acknowledging the need of a reform of the housing allowance, which should be disconnected from the aid for material need and should include a wider range of supported households and a differentiation of the benefit level according to regional housing costs.

Slovenia

Population (million, 2020)	2.11	Statistical Office of the Republic of Slovenia	Proportion of pop. aged 65 and over (per cent, 2018)	20.5	Statistical Office of the Republic of Slovenia
2050 population projection (million, 2018)	2.02	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	28.2	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	20,273	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	12.1	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	102.9	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	20,220	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	54.3	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	18,737	EUROSTAT, series sdg_10_20
Mean population age (years, 2020)	43.6	Statistical Office of the Republic of Slovenia	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	16.2	EUROSTAT, series t2020_50

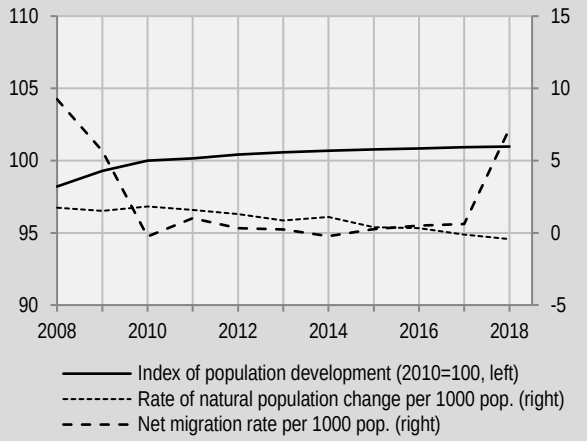
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



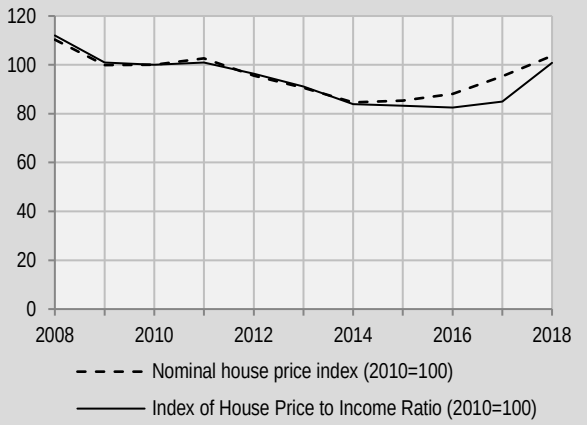
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



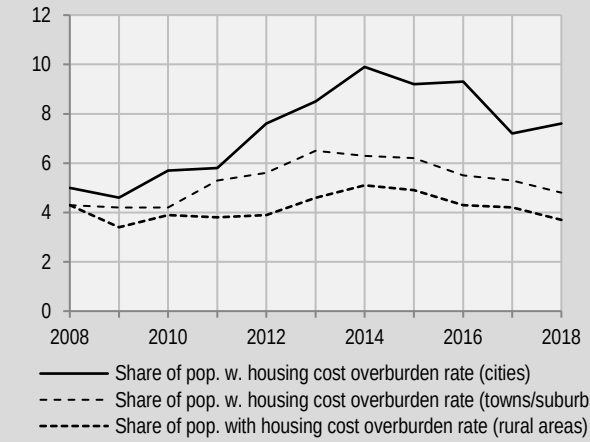
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Richard Sendi has been involved as national expert.

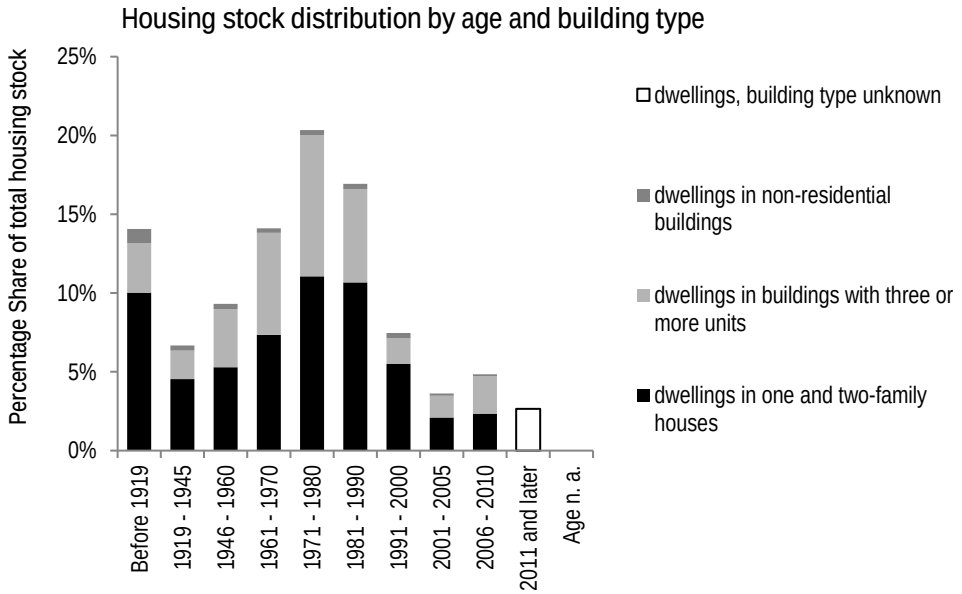
1 Governance structure

On the national level, the *Spatial Planning, Construction and Housing Directorate* is the highest governmental unit that is concerned with housing policy. It is operating within the *Ministry of the Environment and Spatial Planning.* The directorate is drafting legislation on housing issues, presenting it in the parliament and the National Assembly and planning the national housing policy. Aside from the directorate, Slovenia has a National Housing Fund, which is the principal body for implementing the measures and activities of the housing policy at the national level and the initiator of new approaches to the housing supply in Slovenia. The country has no units responsible for housing issues on the regional level. On the local level, Slovenia has municipal public housing funds which are key administrative departments of the municipality. The municipal housing funds are responsible for implementing municipal housing policies. No horizontal nor vertical shifts in the governance structure were mentioned.

2 Characteristics of the National Housing System

2.1 The Housing Stock

Slovenia's current housing stock counts about 852,000 dwellings in total (2018 data). Most of them were built after WW II, especially in the decade from 1971 to 1990, which represent about 37% of the total stock. New construction after 1990 represents about 19% of the total stock. Of the housing stock, 65% of the dwellings are in houses with one or two dwellings and 31% are in multi-family dwellings. Regional housing types differ, with 40% of the urban population living in single family houses, while in rural areas on average about 90% of the population lives in single family houses. After the destruction of many residential buildings in the WW II, the construction with prefabricated parts became the most dominant technique to ensure quick housing supply especially in the 1960s and 1970s. Those multi-family apartment buildings face several physical and social issues. Aside from general refurbishment in those buildings, more recently the focus turned to improving the energy efficiency, concerning all types of residential buildings.



Source: EUROSTAT Zensus Hub (to 2010); 2011 and later: National Statistical Office of Slovenia

2.2 Housing tenures

The composition of housing tenures in Slovenia shows a typical pattern of a very high proportion of owner-occupation and only marginal shares of private and public rental housing. Several reasons for the dominance of private ownership housing can be assumed: First, the house construction activity (self-construction in many cases) was the only reasonable investment opportunity for private savings during the communist era. Second, house-building was seen as an important factor of independence from the state that failed to provide adequate housing as state-rental-housing did not meet the quantity (and also quality) demanded. Third, the privatization of public housing in 1991 led to an immediate growth of the home ownership tenure. In national housing Programmes (the 2000 NHP and 2015 NHP), measures for increasing the supply of rental dwellings were suggested. In the recent National Housing Programme which covers the period 2015-2025, one of the main measures is increasing the supply of rental dwellings which is slowly being implemented mainly through activities carried out by state Housing fund.

Typical characteristics of tenures in Slovenia		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Largest form of tenure, especially in rural areas	dominant share (92% of total dwelling stock, approx. 78% of used dwellings)
Flat ownership/condominium	Owner occupation within shared ownership is typical for multi-family residential buildings. Condominiums are the result of the privatisation in the 1990s of former public housing stock. Regulation is based on the Housing Act. Individual owners may carry out changes and improvements to their dwelling without seeking permission if no common parts of the buildings are affected.	
Cooperative owner-occupation	None yet	
Other		
Rental tenures		
Market rate private/commercial rental tenures	The private rental sector is very small in Slovenia, but it is assumed that some private rental activity is performed informally. Most critically, it lacks an efficient regulatory and institutional framework, which guarantees equally strong protection to the tenant as well as the landlord. There is no available reliable data on the size of the rental market to date,	small share (less than 2% of dwellings in 2018, higher estimates when accounting for informal letting)
Special regulation regimes		
Public rental tenures	Publicly owned rental dwellings, allocated to households based on eligibility criteria.	small share (ca. 5% of total dwelling stock)
Subsidized below market and/or privileged access rental tenures		
Cooperative rental or similar national specific tenures		
Other	Dwellings occupied based on informal contracts or free of charge (dwellings that are not rental but are occupied with users that aren't owners)	medium share (ca. 12% of dwellings in 2018)
Hybrid forms, e.g. rent-to-buy schemes	The 2015 National Housing Programme envisages this option. A large share of state subsidised rental dwellings will eventually be transformed to owner-occupied tenure	
Homelessness, temporary and informal housing		
Homelessness	Special purpose housing units for securing temporary accommodation for vulnerable and the most-at-risk population groups	n. a.
Asylum accommodation	Immigrant/refugee reception centres, especially near the eastern and southern borders through which most of the immigrants enter Slovenia.	n. a.
Informal housing	There are four main informal settlements in Slovenia, all of them residential settlements on land initially illegally occupied by Roma groups. One of these has been officially legalised while the others continue to exist and function as illegal settlements.	n. a.

Source for relevance data: Census 2018, expert estimates

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

No specific distinction of housing forms or tenure along social groups can be observed. Home ownership is observable in all parts of society, the majority of owners are employed (48%) and retirees (43%). The National Housing Program 2015-2025 has foreseen different measures (which are not enforced yet) such as the rent-to-buy mechanism for young people to buy state-financed rental dwellings after a renting period of 5 years, and financial instrument of mixed property as a type of public-private partnership.

Rental tenures

Public rental housing amounts to more than 70% of the total rental housing stock in Slovenia. Private rental tenure is small – less than 3% of total housing stock and lacks a suitable regulatory and institutional framework. Existing regulatory measures relate to the taxation of rental income and the protection of tenant rights. The most critical issue in this regard are the very lengthy judicial procedures in case of conflict situations. It can be assumed that, in addition to the known share of rental tenure, informal and within family letting activities contribute to the relevance of the private rental sector. According to the 2018 census data, 11.5% of the occupied stock was used on a rent-free basis. There is an estimated shortage of approx. 10,000 public rental dwellings in Slovenia. As of the year 2020, the housing fund has acquired (by building or buying) 1,700 public rental dwellings with plans to acquire around 4,500 more dwellings until 2025.

Homelessness, informal and temporary housing

The National Housing Programme 2015-2025 envisages the production and maintenance of a constant supply of temporary accommodation for vulnerable and the most-at-risk population groups, e.g. who are at risk of becoming homeless or those who live in unbearable conditions. Informal settlements can be noted as a result of migration of ethnic groups throughout history. The legalisation of these settlements and provision of the basic communal services as well as the integration of the Roma ethnic groups into society is subject to continuous efforts.

Providers of Housing Services

As already mentioned state Housing found is major provider of rental public housing at large. It provides new dwellings with own construction, by buying appropriate housing or with municipalities co-investing, etc. The municipal public housing funds are the responsible local unit for the provision of subsidized-rent dwellings and the not-for-profit housing sector where rent levels are regulated. In the metropolitan region of Ljubljana, few institutional as well as small-scale landlords provide rental housing, but no reliable data can be reported on them.

2.4 Housing Issues

General Challenges

In Slovenia, immigration from abroad is strictly regulated while within-country migration is not perceived as a major challenge, except for the special case of daily commuting to the city of Ljubljana (the capital city). In contrast, demographic changes are perceived as a main driver for housing policy. Increasing life expectancy combined with a decrease in the fertility rate is contributing to an ageing population and thus for the increasing demand for age-appropriate dwellings (e.g. with barrier-free access for elderly and disabled). Also, since more than 80% of all buildings are older than 30 years, only a small share of them meet the required energy efficiency standards. Slovenia is reacting to this challenge by having adopted an ambitious program for energy-related renovations of the housing stock through a system of subsidies, also in connection with the EU's structural funds.

Accessibility, affordability and availability problems

Since the adoption of the market economy system in 1991, a serious shortage of housing supply has occurred. These availability issues affect all types of social groups, regardless of their income, and all types of housing. Nevertheless, first-time buyers are particularly affected, affordability of housing is a serious problem especially for young people. The National Housing Program 2015-2025 lacks sufficient housing financial resources. Housing loans can only be taken out if the recipient is permanently employed, which

often excludes younger people with temporary employments from the only available housing financing mechanism.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

The Slovenian National Assembly has adopted the National Housing Program 2015-2025 with the strong commitment of several ministries and funds to improve the housing situation. Main objective of the housing program is to increase the public rental housing stock. It attempts to create incentives and support the economic development of society also beyond general housing issues. Slovenia's housing policy guidelines are described in the National Housing Policy Document. It is focused on ensuring everyone the right of free choice over their housing needs through several long-term goals: a balanced supply of housing, easier access to housing, renovation of the existing stock and encouraging greater housing mobility.

3.2 Housing Policy Instruments

Name	Rental housing allowance for low income groups
Instrument type	Housing allowance
Tenures	Rental Housing
Description	The housing allowance intends to cover the difference between non-profit rent and market rent. Its amount depends also on the household income and the number of household members. It is directly paid to the landlord. The housing allowance is granted for a period of one year, so that when a new application is made, a new review of the individual circumstances is carried out.
Target groups	All eligible citizens (income and property threshold applies)
Policy formulation	National level
Funding	National level, local level (Subsidy for non-profit housing is covered by municipalities. Subsidy for market rent is covered 1/2 municipality and 1/2 state budget)
Implementation	Local level (Centre for social work or municipality)
Importance	In 2019 the total amount of subsidies was € 18.5 million (0.04% of GDP).
Instrument development	Minor calibrations reacting on the introduction of cost rents in the subsidised housing sector.
Name	Public rental housing provided by Housing fund of Republic of Slovenia
Instrument type	Subsidised housing
Tenures	Rental housing
Description	Subsidisation of a public rental stock with cost rent and privileged access
Target groups	Priority groups (young, young families, elderly) with given eligibility criteria
Policy formulation	National level (Housing Act)
Funding	National level (State housing fund, own funds and loan from CEB)
Implementation	National level (State housing fund)
Importance	In 2019, there were 640 public rental dwellings, with cost effective rent
Instrument development	Reform of subsidised rent level is underway (from below market rents to cost rent)
Name	Non-profit rental housing
Instrument type	Subsidised housing
Tenures	Rental housing
Description	Subsidisation of a public rental stock with non-profit rent (below cost rent in large cities)
Target groups	Low income groups, victims of family violence, disabled, etc., (young, young families, elderly) with given eligibility criteria
Policy formulation	National level (Housing Act)
Funding	National level, local level (State housing fund, own funds and loan from CEB, municipal housing funds)
Implementation	Local level (Municipal housing funds)
Importance	In 2019, there were 20,543 non-profit rental dwellings, which accounts to 3% of the total occupied dwelling stock.
Instrument development	Reform of non-profit rent level is underway (from below market rents to cost rent)

3.3 Reform trends

In the national housing policy document, it has been concluded that there is an urgent need to introduce appropriate legal conditions for the rental sector by amending the Housing Act which will include an increase of non-profit rents (introducing a cost rent system in public housing), establishment of public service for managing rental housing stock, legal regulation of the tenant-landlord relationship etc. Financial support instruments are also considered necessary to support the development of an adequate

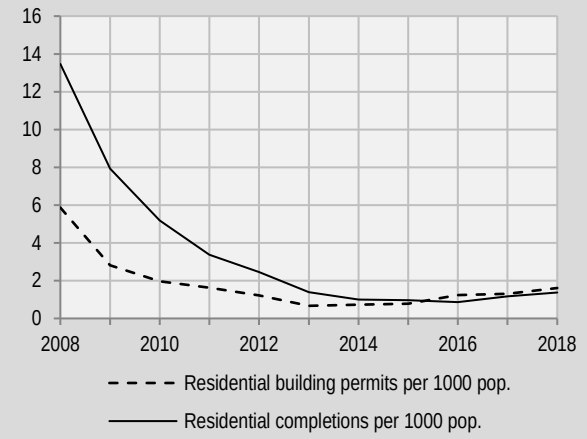
rental housing market. Currently (December 2020) Housing Act is being amended and is expected to be enforced by June 2021.

Spain

Population (million, 2018)	46.66	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	19.2	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	49.93	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	29.5	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	505,944	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	13.3	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	93.1	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	24,910	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	74.1	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	20,022	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	43.6	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	26.1	EUROSTAT, series t2020_50

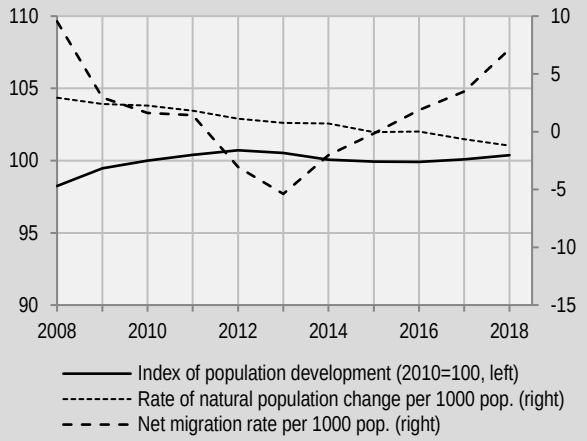
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



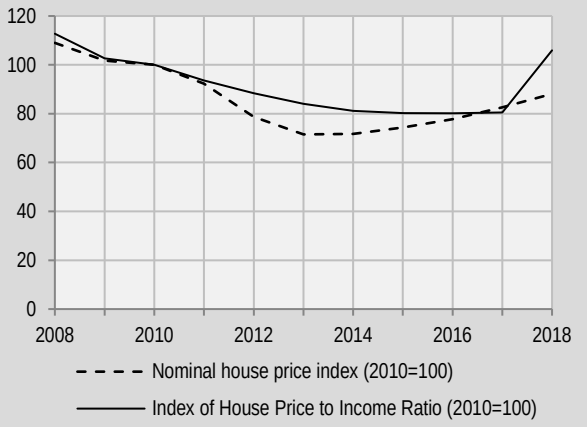
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



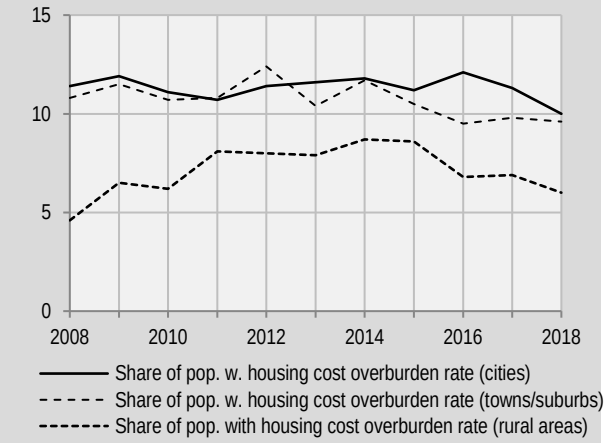
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Montserrat Eastaway has been involved as national expert.

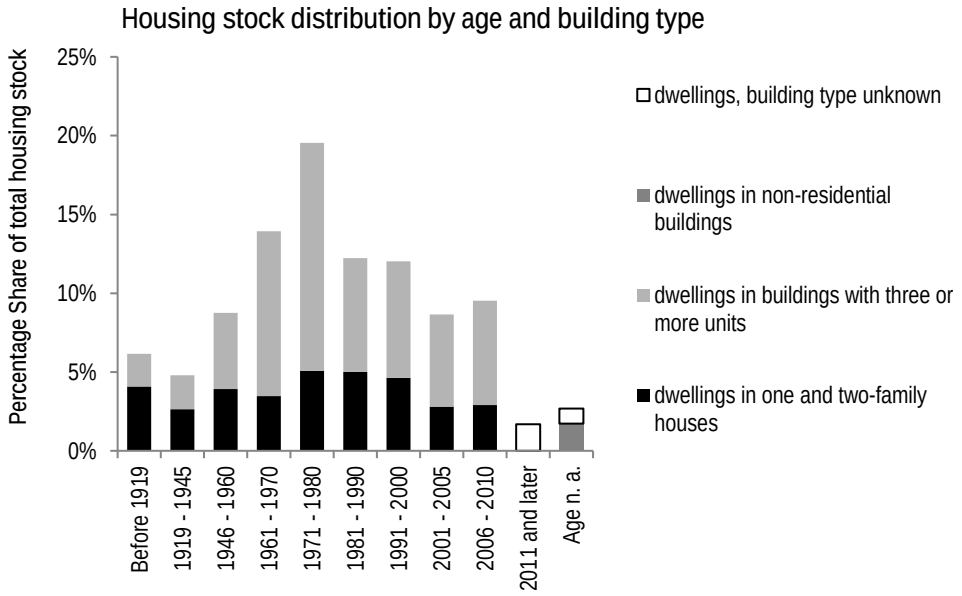
1 Governance structure

In Spain, responsibilities in housing policy are shared between all levels of government. From the constitutional perspective, the national state and the regional level (the Autonomous Communities) are key players in setting up and implementing housing policy. At the national level, there are four government units involved in the field, namely the Ministry of Public Works and Transport, the General Secretariat of Housing, the General Directorate of Architecture, Housing and Land Management and the General Sub-directorate of Housing Policy and Subsidies. The central government is both responsible for the general setup of housing policy as well as for the housing tenures (civil law; some exceptions for Catalonia) and fiscal policy, which includes taxation, tax exemptions, subsidies etc. Therefore, the national government is in charge of the proposal and formulation of housing policy, its implementation and further development including proposing regulation and finance and the coordination of the housing policies of the central government and the Autonomous Communities. On the regional level, the 17 Autonomous Communities and two autonomous cities represent the state level within Spain's asymmetric federal system. Since the responsibilities of the regional communities is to be negotiated between the national parliament and the regions, the overall degree of self-government as well as the areas in which the Autonomous Community is responsible are not uniform throughout Spain. This is also true for housing policy, where some Autonomous Communities have acquired more responsibility than others. The Autonomous communities are also free to organize themselves, so that housing policy may be part of different administrative units in different communities. For example, the Autonomous Communities may hold exclusive authority for land planning, urbanism and social housing. In fact, some of these exclusive authorities are penetrated by national regulation, e.g. concerning subsidized housing, housing tenures and technical regulations for buildings. At the same time, the Autonomous Communities are responsible for executing national decisions on the overall design of housing policy. As a consequence, there is a need for coordination between the national government and the Autonomous Communities in housing policy. At the local level, the municipalities are in principle responsible for a range of tasks, among them local planning and promotion and management of social housing. From the perspective of the Constitution, municipalities enjoy the freedom of self-rule, but the degree of its usage depends on the financial and administrative resources available. However, actions of the municipality of course depend on the regulation of the central and the respective Autonomous Community. The municipalities' responsibility for promotion and management of social housing may result in direct activity of the municipality such as building, renting and selling housing units. However, municipalities are also responsible for the provision of land to develop new housing. Housing policy has seen important horizontal shifts within the last decade. In 2004, the national Ministry of Housing was recovered after having been abolished in 1975. It was abolished again in 2010, mainly due to the lack of effective policy making, despite the efforts of the government to reform the law of land, to introduce a basic income for young people's housing rents and to set up a national agency for rental housing, all of them resulting ineffective. Since 2010, the functions of the former ministry have been transferred to the General Secretariat of Housing, which belongs to the Ministry of Public Works and Transportation. As a consequence, this caused substantial changes in policy design, funding and implementation. Concerning vertical shifts, it has to be noted that several changes took place handing over more responsibilities to the municipalities. A notable example is the law 8/2013, which allows municipal councils to use the municipality's resources in order to act in neighbourhoods with refurbishment and urban regeneration measures.

2 Characteristics of the National Housing System

2.1 The Housing Stock

The Spanish housing stock consists of ca. 25 million dwelling units in 9.7 million residential buildings. The age distribution of the housing stock shows a relatively minor proportion of pre 1945 dwellings. A large share of dwellings stems from the 1970s to 1980s or even before, but especially the construction boom in the decade before the financial crisis of 2008 added significantly to the housing stock. Therefore, new construction after 1990 represents about 35% of the total stock. About 35% of the stock is in single family houses. Regional housing types differ, with only 14 % of the urban population living in single family houses, while in rural areas on average two third of the population lives in single family houses. According to census 2011 data, approximately 18% of the housing stock is empty, with the largest share of the empty units built after the year 2000, but the accuracy of these data has been contested. Concerning energy efficiency, a considerable part of the stock needs improvement. Additionally, there are accessibility and mobility problems in a huge part of the stock, with just 0.6% of units being universally accessible.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: EUROSTAT, National Statistical Offices, European Mortgage Federation Federation (calculated from cumulative housing completions 2018)

2.2 Housing tenures

In Spain, regional housing types differ, with only 14 % of the urban population living in single family houses, while in some rural areas 68% of the population lives in single family houses.

Typical characteristics of tenures in Spain		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)		Dominant share (ca. 80% of dwellings in total (2011 census)). Condominiums are the typical form of organising multi-unit residential buildings and other properties
Flat ownership/condominium	The Condominium Law (Act 49/1960) is the main source for the regulation of most multi-unit buildings and other multi-unit properties. Regulation includes management of the joint property, internal decision-making etc. The Autonomous Communities may define additional regulation for condominiums, e.g. in Catalonia. Time-shared property is defined by different parties who jointly own and periodically share real estate regarding a holiday residence. Its usage is restricted to certain amount or period of time.	

Typical characteristics of tenures in Spain		
Type of tenure	Description	Relevance
Shared ownership and temporal ownership	Just for Catalonia, Act 19/2015 introduced two new types of housing tenures. While the shared ownership allows the buyer to a gradual acquisition of a property (while behaving as a single and full owner since the first acquired percentage), the temporal ownership allows him to get a temporal one (between 10 and 99 years).	No data available
Cooperative owner-occupation	Housing cooperatives are associations of owners constructing dwellings for their members. Self-organisation and the use of self-help reduces construction costs. The cooperative has to develop the land collectively and set to a minimum duration of 5 years, but is usually lasting longer. Housing cooperatives are subject of a regulation by a separate law and are required to register in the list of cooperatives.	No data available
Other (e.g. property rights)	Article 467 of the Civil Code defines that "Usufruct grants a right to enjoy the property of others with the obligation of preserving its form and substance, unless its titles or the law authorize a different thing". The titleholder is called usufructuary, and the property affected by a usufruct is a bare property (*nuda propiedad*). This form of tenure is typically associated with housing rights for widows. Emphyteutic Lease (*censo enfitéutico*) according to Spanish Civil Code, art. 1628 to 1654, is a form of land grant, inherited from medieval landlordism. The most recent law regulating emphyteutic property is in Catalonian Civil Code of 2006, book V. This property right is not used in housing, though.	
Rental tenures		
Market rate private/commercial rental tenures	Rental tenure of things is regulated by rent contracts according to Civil Code (Book IV, Title VI, starting in art. 1543). The case of urban real property is specifically regulated by the Law of Urban Tenancies (LAU) [*Ley de Arrendamientos Urbanos*] Last reform of LAU was by RDL 1/2019, that, among other reforms, allows the tenant to force the duration of the tenancy contract up to 5 years (if landlord is a natural persona) or up to 7 years (if landlord is a legal person). Catalonia introduced a strong system of rent control by Act 11/2020, now under the revision of the Constitutional Court. Extraordinary measures were implemented for whole Spain during the COVID-19 pandemic. The Royal Decree-Law 21/2018 tried to establish rent increase regulations and extended contract terms, but was abrogated shortly after.	medium share (ca. 12-15% of dwellings)
Special regulation regimes		
Public rental tenures		
Subsidized below market and/or privileged access rental tenures	In Spain, all rents with any sort of subsidy and subsequent prices under the market are aimed for people with some kind of vulnerability. They can be low-income households and/or people with disabilities, health problems, addictions, gender violence victims, refugees, immigrants, etc. All those conditions are evaluated when it comes to granting subsidies. There is a limited number of units so that access to social rental housing is highly competitive. A small share of expired VPOs are offered for social rent. After the crisis, VPOs were losing their relevance. In 2017 less than 5,000 VPOs were sold. Autonomous communities are offering own programs also on municipal level through several public and private sector agencies. E.g. in Catalonia social rental housing is offered by its Housing Agency and by the municipalities. The Inclusion Housing Network of Catalunya [Xarxa d'Habitatges d'Inclusió de Catalunya] owns or manages 1,200 dwellings for social rent. Local subsidies, also managed by the Catalan Housing Agency for private market rental apartments with agreed prices ca. 20%-30% below market rent level, where the public administration is a mere intermediary. In total Catalonia has an estimated number of around 60,000 housing units with affordable rents, but the true number remains unknown	small share (but remains unknown)
Cooperative rental or similar national specific tenures	See above in cooperative owner-occupation section. In some housing cooperatives, the cooperative itself is the owner of the whole building (including flats) and the occupiers are mere tenants of the flats and usually have restrictions in transferring their rights to them	
Other		

Typical characteristics of tenures in Spain		
Type of tenure	Description	Relevance
Hybrid forms, e.g. rent-to-buy schemes	Official Protection Housing (Viviendas de Protección Oficial, VPO) are the main instrument of public investment in the housing sector. The objective is promoting purchase –or rent in a few cases– for low-income citizens below market prices, a way of guaranteeing the constitutional right to a decent and adequate housing. Each Autonomous Community have been legislating according to their context, following the Housing Plans of the central government. These requirements are limited in time, depending on the regional regulations. After that time, the VPO turns into private property which is tradeable on the real estate market. A small share of VPOs may be re-acquired by the government and put into the social rent segment. However, this legal form of housing is decreasing since the financial crisis (2007).	
Homelessness, temporary and informal housing		
Homelessness		
Asylum accommodation	Asylum conditions are a special law of 2009. People seeking asylum are handled by Refugee Welcome Centres and attended by social/welfare organisations. After six months, they should move to an apartment as a measure of the integration scheme.	n/a
Informal housing	The criminal code of 1996 defines squatting as a misappropriation felony which gives the owner more leeway for eviction than before the reform, where squatting was equivalent to a lack of coercion. Other forms of informal housing are trailer camps, hippie communes; informal settlements that illegally camp in private or public land. They are very precarious housing, even slums.	n/a

Source for relevance data: Census 2011, INE living-conditions survey 2018, expert estimates

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

Due to the general high share of owner occupation, the tenure is not connected to any specific group. There is, however, a significant difference in housing cost burden between older people on the one hand who now own their property without financial burden and young people on the other hand who set up their mortgages after the year 2000 and live in properties which are not fully paid. For urban areas, condominiums are the more typical form of ownership due to the larger proportion of multi-family houses.

Rental tenures

Traditionally, renting does not play a significant role on the Spanish housing market. Renting was typically perceived as a short-term phenomenon, which was temporarily used by young people while saving their money until they finally have acquired enough resources to buy real estate Since the economic crisis of 2008, however, has become an alternative for households that are excluded from ownership, e.g. due to tighter credit regulations. As a consequence, there has been an increase rental prices in the urban areas, leading to a bubble in 2016. The latter is perceived as a significant problem for young people, families and the unemployed.

Homelessness, informal and temporary housing

In 2012, housing assistance centers counted 22,938 homeless people in Spain of which 80% are male and 45% lost their dwelling after losing their employment first. Only 11% of homeless people receive government aid related to social exclusion. Concerning the statistics, it has to be mentioned that it is difficult to assess the numbers, since the group due to its heterogeneity and only people approach the assistance centers are counted. There are also issues with people who sleep at their workplaces instead of a dwelling, being partly a seasonal phenomenon. It is also difficult to quantify this.

Providers of Housing Services

As the rental market is generally small, the share of large-scale housing estates in the rental market is rather small. In the past, the typical rental housing offer emerged from owners of flats or houses which were often occupiers of their own property, moved out and put their dwelling up for rent for personal reasons. The financial crisis of 2008 also changed this behaviour. Since the rental sector received

significant state support after the crisis and, as said, has been the single option available in praxis for most households that have to live in cities, international corporations entered the market and began construction rental housing units en bloc. Since then, the sector is attracting more attention of companies connected to rental housing (professional developers, investment funds, banks etc.). Seven of the biggest suppliers (Blackstone, CaixaBank, Sabadell, Haya, Azora, Sareb and Altamira) currently hold more than 120,000 units for rent which amounts to 5% of the total supply. Despite it is a small share in comparison, it reflects the changes the Spanish housing system currently experiencing.

2.4 Housing Issues

General challenges

In the last decade, Spain has seen different developments in its population. Migration from outside the country has risen in the first part of the last decade with a peak in 2012 and declined steadily after that. Recent within-country migration is strongly influenced by the 2008 economic crisis and the resulting high unemployment. Conditions on the local labour market are thus driving within-country migration (from rural to urban areas) and thus having a direct impact on housing prices. Despite this development, there is no housing policy directly aiming at migration as a key driver for real estate or rent prices leading to two different realities: densified big cities (Barcelona and Madrid especially) and vast areas of the country that are “emptied”. As in other countries, the general development of the population is influenced by the parallel increase of life expectancy and a reduction of birth rates (Spain has the second lowest fertility rate in the EU after Malta). As migration from abroad is currently at a low level, it is estimated that the population will shrink by approximately 1 million until 2029 and 6 million until 2064. This has already prompted warnings by the National Association of Building Developers (APCE) concerning the construction of new housing.

Accessibility, affordability and availability problems

One problem facing Spain is that workers used to buy properties near their workplace, which may cause large commuting distances or loss of the property if the new workplace is far away. In this context, there is also a shortage of rental housing due to the long Spanish tradition of owner-occupation. Since families often do not have enough money to save the first upfront payment (usually 20% of the price of the property plus taxes and fees, which usually adds 11-12% to the selling price) and the rental market is underdeveloped many families cannot afford neither buying nor renting- Ownership-like, intermediate tenures are underdeveloped. Concerning affordability, current utility prices, especially for gas and electricity, are also an issue. The issue has received increasing awareness especially after the financial crisis with currently 10% of the population being unable to pay their utility bills. OECD statistics suggest that about 35% of the rental households are using more than 40% of their monthly income to pay their rent. These problems are concentrating in the rental sector, which is increasingly important for those who cannot afford buying. With respect to availability, it must be noted that Spain may generally have a large amount of empty housing units available, but there are no precise estimates available concerning the number, condition, and (black) rental status of these “empty” units. In the large cities such as Madrid and Barcelona, there are grave availability problems as high demand is not met by equal supply. Here, gentrification trends meet low levels of rent regulation, a lack of construction land and a high demand. The availability problem is supposed to be addressed by the National Housing Plan for 2018-2021, which is focusing on direct grants for rent or purchase and is mainly subsidizing vulnerable groups.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

Spanish Housing policy basically rests on two pillars, namely intervention of the State on the real estate market and regulations concerning the use, construction and refurbishment of real estate dwellings. In the past, housing policy has been focused on purchase rather than renting with most state programs targeting the needs of owner-occupation. After the financial crisis in 2008, there has been a shift in guiding principles concerning four key elements: first, the State is aiming at increasing the supply of social housing,

regulating land prices and transferring the right to declare shortages in the local housing market to the local authorities. Second, national government shifted its policy goals from supporting owner-occupation by regulating and subsidizing construction to supporting the rental housing market and refurbishment. Third, fiscal policies have been updated in order to support save-and-purchase schemes. Forth, emphasis in housing has somewhat shifted from housing as a financial asset towards housing as a basic demand of the population. In general, housing in Spain is provided within the frame of a multi-level system of intervention, where the national government is offering subsidies while the Autonomous Communities co-define execute national programs and the municipalities offer the land required for development.

3.2 Housing Policy Instruments

Name	Rent subsidies
Instrument type	Housing Allowance
Tenures	Rental Housing
Description	The program is giving direct grants to tenants in order to reduce the burden of their rents. The payments cover 40% of the monthly cost and may be raised in case of need, e.g. for families with many children or disabled people.
Target groups	tenants with low income (50% for people >65 years)
Policy Formulation	National, with adaption of the Autonomous Communities
Funding	National 70%, Autonomous Communities 30%
Implementation	Autonomous Communities
Importance	n.a.
Instrument development	n.a.
Name	Aid program for victims of gender violence, people evicted from their usual home, homeless people and other especially vulnerable people
Instrument type	Housing Allowance
Tenures	Owner-occupied Housing, Rental Housing
Description	n.a.
Target groups	People who are victims of gender violence, people evicted from their usual home, homeless people and other especially vulnerable people
Policy Formulation	n.a.
Funding	n.a.
Implementation	n.a.
Importance	n.a.
Instrument development	n.a.
Name	Subsidies for young people
Instrument type	Housing Allowance
Tenures	Owner-occupied Housing, Rental Housing
Description	The program is focused on rent and purchase for people less than 35 years old in small municipalities (<5,000 inhabitants). Rents under € 600 are covered by 50% and rents between € 600 and 900 are covered by 30%. Purchase is covered up to € 10,800 and 20% of the total price.
Target groups	People less than 35 years old within income thresholds. Extra benefits for big families and disabled exist.
Policy Formulation	National
Funding	National
Implementation	Autonomous Communities and the national government.
Importance	n.a.
Instrument development	n.a.
Name	Aid program to contribute to minimizing the economic and social impact of COVID-19 on rentals of habitual residence
Instrument type	Housing Allowance
Tenures	Rental housing
Description	n.a.
Target groups	Natural persons who, in their capacity as tenants of habitual residence, prove to be in a situation of economic and social vulnerability caused by COVID-19.
Policy Formulation	n.a.
Funding	n.a.
Implementation	n.a.
Importance	n.a.
Instrument development	Introduced 2020

Name	Promotion of a social rental housing stock
Instrument type	Subsidised Housing
Tenures	Rental Housing
Description	The instrument aims at increasing the housing stock for social rent by the provision of grants for construction. There are maximum grants per square meter and limits concerning the total amount and share of the overall investment cost (under € 350/m² and a limit at € 36,750 and 50% of total investment or under € 300/m² and a limit at € 31,500 and 40% of the total investment cost). Transferring as well as letting the subsidized units is restricted. The unit may be sold 25 years after the subsidy at the earliest (the condition is noted in the property register). The maximum rent may be to € 5.50/m² resp. € 7/m². Grants are restricted to houses with a certain energy qualification ("B").
Target groups	Direct: Basically everyone promoting new building or refurbishments that applies for this program. Indirect: households under income thresholds (less restrictive for disabled people or big families)
Policy Formulation	National level
Funding	National level, Autonomous Communities and municipalities (commissions)
Implementation	The commissions (see above) are monitoring the implementation, which is the task of the beneficiaries.
Importance	n.a.
Instrument development	n.a.
Name	Subsidies for individuals that have suffered evictions or have been expelled from their homes.
Instrument type	Subsidised Housing
Tenures	Rental Housing
Description	The instruments aims at ensuring accessibility for people who were evicted from their dwelling as a result of failing to pay mortgage or rent by allocating dwellings with social rent (under € 400 a month). The dwellings are provided from institutional housing stocks. Eligibility requirements include vulnerability of the households (defined in the program) and good condition of the subsidised dwelling. In case of refurbishment needs, the national ministry in charge may grant an additional € 1,500 per apartment. The municipality may also support the program by covering basic expenses.
Target groups	Natural persons (adult) that have been evicted or with a programmed eviction from their usual and permanent dwelling, and in a risk of special vulnerability which prevents them from having the means to look for a new dwelling. Evictions can be caused either by mortgage or not-payed rent
Policy Formulation	Mainly national. Autonomous Communities may add minor regulation for adaption.
Funding	National 80%, Autonomous Communities 20%
Implementation	Autonomous Communities, using management centres for this purpose. Municipalities may opt to join the program by operating their own management centres which will be overlooked by the respective Autonomous Community.
Instrument development	n.a.
Importance	n.a.
Name	Housing promotion for elderly and disabled people
Instrument type	Supply Side Subsidy / Regulation
Tenures	Owner Occupied / Rental
Description	The instrument is aiming at the enhancement of accessibility for disabled and elderly people (>65 years) whose income does not exceed a defined income threshold and who do not own a property which is worth more than € 200,000. If grants are allocated, it is required that the rent or the price for transfer is lowered for 40 years. The grant may amount up to € 400/m², not exceeding 40% of the total investment cost. Investments may be connected to the construction of new buildings or the refurbishment of existing stock. Other criteria also have to be met (social assistance, basic medical attention, cleaning, maintenance, energy level of B as a minimum etc.).
Target groups	Direct: Public administrations, private corporations, foundations, social economy, cooperatives, etc. Indirect: subsequent rents are only for people over 65 or disabled.
Policy Formulation	National
Funding	National
Implementation	Autonomous Communities and the national government.
Importance	n.a.
Instrument development	n.a.
Name	Program to promote the improvement of energy efficiency and sustainability in homes
Instrument type	Energy-related instrument
Tenures	n.a.
Description	The objective of the instrument is increasing the share of the sustainable housing, thus aiming at the enhancement of insulation and at the same time, moderating energy poverty for the inhabitants. Grants are provided for refurbishment activities. The amount granted depends on the type of housing as well as eligibility criteria of the tenants.
Target groups	Owners, public administrations, cooperatives, communities, developers and energy corporations refurbishing to enhance energy efficiency.
Policy Formulation	National
Funding	National
Implementation	Regional
Importance	n.a.
Instrument development	n.a.

Name	Promotion of housing preservation, safety and accessibility
Instrument type	Housing quality
Tenures	Owner-occupied Housing, Rental Housing
Description	The instruments provides subsidies for measures to ensure technical accessibility of buildings such as ramps, elevators etc.
Target groups	Owners, public administrations, cooperatives, communities, private corporations etc. undertaking refurbishment in order to improve the technical conditions for access. The amount of the subsidy depends on the income level and the disability of the tenant.
Policy Formulation	National
Funding	National
Implementation	Regional
Importance	n.a.
Instrument development	n.a.
Name	Promotion of urban and rural regeneration
Instrument type	Housing quality and environment
Tenures	Owner-occupied Housing, Rental Housing
Description	The instrument provides support for project with broad goals enhancing accessibility, affordability, availability and safety in general. Projects for urban and rural regeneration may be granted subsidies in order to conduct refurbishment not only of housing units, but also of public spaces in neighbourhoods. In order to meet the requirements, the projects must be declared as regeneration areas by the municipal council.
Target groups	Grants are aimed at projects which can be carried out by the owners, but also by the municipality itself.
Policy Formulation	National
Funding	National
Implementation	Autonomous Communities and the national government
Importance	n.a.
Instrument development	n.a.

3.3 Reform trends

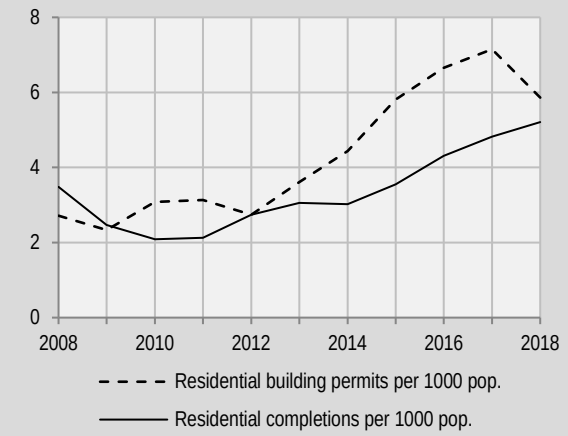
Since the Great Financial Crisis, Spain is slowly moving away from the owner-occupier model to a more diverse system of housing, where the share of rental housing is growing and the government is reacting to the economic and also to societal changes. The new “National Housing Plan” 2018-2021 is taking account of these changes, layout an adaptive agenda towards the housing market in post-crisis times. The expansion of the rental sector will be pursued with the aim of providing housing for low income groups and especially for vulnerable groups (evicted households, elderly and disabled). Existing subsidies should be continued. At the same time, new subsidies for refurbishment and urban and rural regeneration were established.

Sweden

Population (million, 2018)	10.12	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	19.8	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	13.39	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	18.4	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	438,574	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	18.5	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	25	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	43,760	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	80.2	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	24,526	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	40.6	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	18	EUROSTAT, series t2020_50

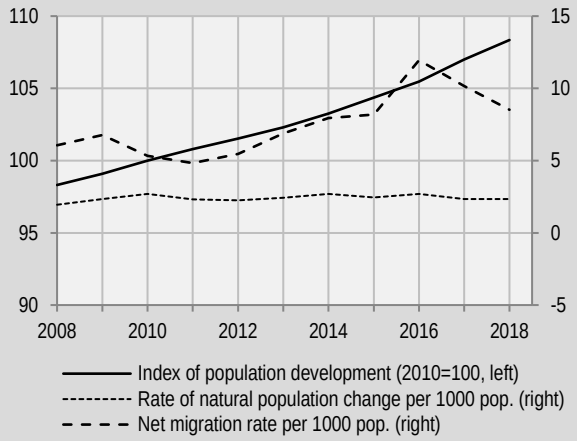
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



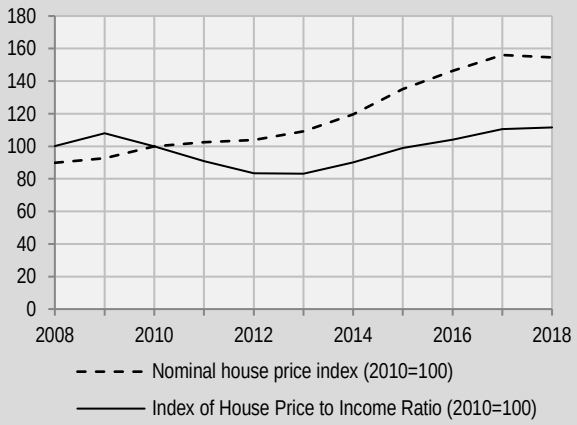
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



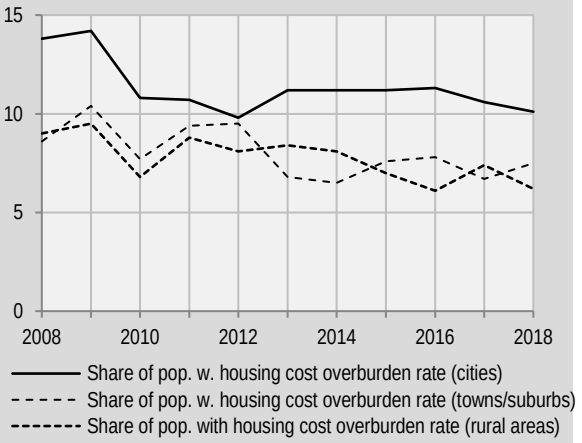
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Cecilia Enström Öst has been involved as national expert.

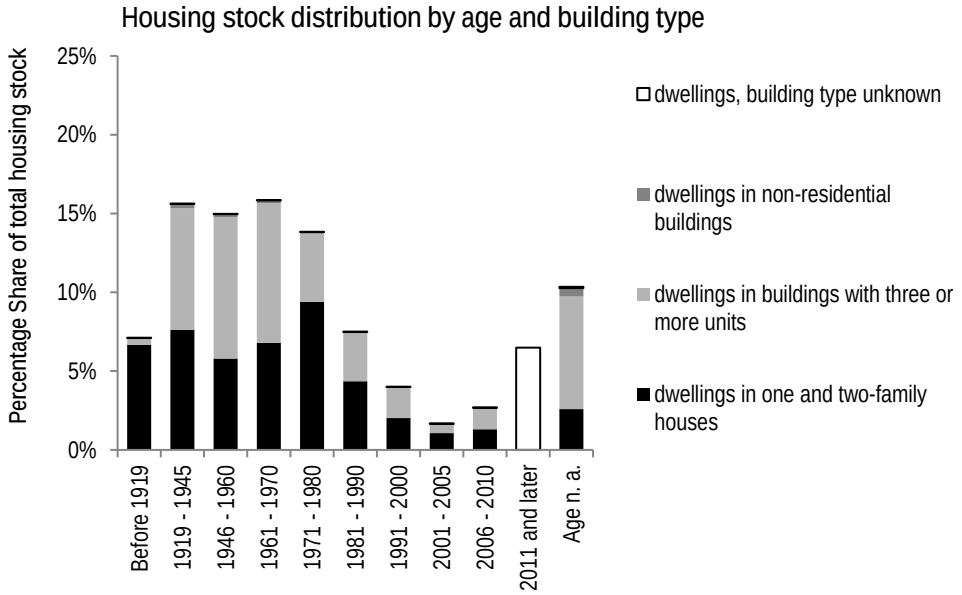
1 Governance structure

In Sweden, responsibilities for housing policy are shared between all levels of government, but the national and local governments are responsible for the most functions while the regional level only plays a minor role. On the national level, there are six bodies involved, five of them ministries. The Ministry of Finance is responsible for economic policies and taxation, both of which affect the housing market, but also for housing policy in general, while the other ministries are involved with regards to certain instruments or activities. This applies especially for the Ministry of Justice (which is dealing with housing policy from a regulatory perspective, e.g. rent regulation, legislation concerning tenant-ownership co-operatives, real estate, etc.), and the Ministry of Health and Social Affairs, which is in charge of housing allowances, housing benefits and housing for elderly. Also, the Ministry of Infrastructure is responsible for is responsible for matters relating to infrastructure, digital policy, post issues and energy, and especially infrastructure and energy is highly relevant for housing. Finally, the Ministry of the Environment is responsible for the Government's environmental and climate policy and especially the Environment Code (*Miljöbalken*) and the legislation concerning so called national interests is highly relevant for planning and housing construction. However, there are yet two ministries which are of some importance to housing and housing policy. These are the Ministry for Culture and Democracy which, inter alia, is also responsible for architectural policy, and the Ministry of Employment, responsible for strategies concerning integration (and residential segregation is very distinct in many places). Besides the ministries, there is also the Swedish National Board of Housing, Building and Planning (*Boverket*) involved, which is a central government under supervision of the Ministry of Finance. It is responsible for developing regulations, directing general advice to the government, especially for the application of laws regulating planning and construction. For this purpose, the board is also conduction evaluations and making impact assessments of policy programs at different government levels. At the regional level, the administrative boards of the counties (which are regionalized offices of central government) are involved in housing policy mostly if no other decentralized agency of the national government is responsible. The boards are responsible for implementing national policies such as administrating subsidies. They also cooperate with the National Board of Housing, Building and Planning in terms of regional housing market analysis and demographic development. The boards are also in close contact with the municipalities in order to ensure cooperation between the national government and the municipalities. At the local level, the 290 Swedish municipalities are mainly responsible for local planning (including construction permits) and housing provision in general. The latter means that municipalities have to ensure that all inhabitants have the opportunity to live in in good housing. For this purpose, many municipalities also own at least one municipal housing company which ensures housing provision, but this is not an absolute requirement. There have been several horizontal shifts in responsibilities over the last ten years. On the national level, units are typically re-organized after national elections which also includes the responsibilities for legislation concerning municipal housing companies, housing provision, planning and construction which regularly are shifted from one ministry to another. For example, since April 2019, they are part of the Ministry of Finance, but were assigned to the Ministry of Enterprise and Infrastructure in the 2015-18 government term and to the Ministry of Health and Social Affairs in the term before. At the same time, legislation concerning rent setting and negotiations, tenant ownership, real estate, 3D properties and directly owned apartments (*ägarlägenheter*) are still within the responsibility of the Ministry of Justice. Contrary to constant shifting on the horizontal level, there has been no vertical shifts in responsibility, i.e. task assignment between the national, regional and local level have not been changed during the last decade.

2 Characteristics of the National Housing System

2.1 The Housing Stock

According to the national statistical office, there were about 4.9 million housing units existing in Sweden at the end of 2017. 43% were single-family homes, 51% in apartment buildings, 5% in special housing and 2% in other houses. The age distribution shows a peak of residential construction between 1920 and 1980. Also, after 2011, a strong increase in housing construction can be noted. About 45%of all single-family houses, were built between 1961 and 1990, another 20% before 1931. Regarding the housing stock in multi-family buildings, about 52% were built between 1951 and 1980. Regional housing types differ, with about a third of the urban population living in single family houses, while in rural areas on average 76% of the population lives in single family houses. Housing supply is considerably short in the metropolitan areas and larger cities. The National Board of Housing, Building and Planning reported a shortage of dwellings in 243 out of 290 municipalities. According to new calculations by *Boverket* the housing construction need for the period 2020–2029 is estimated to be between 592,000 and 664,000 dwellings, representing an annual production of 59,200 to 66,400 units. In Sweden, the housing stock is generally of good quality. The exception are multi-apartment buildings from two periods (1947-1964 and 1965-1974) which are now up for modernization. Many of the multi dwelling buildings especially from the latter period, the so called Million Dwellings Programme, were constructed as elements of large-scale national government programs for the expansion of housing supply.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: Expert survey, national statistics 2017

2.2 Housing tenures

The tenure system in Sweden can be described as a strongly diversified system with about 60% of dwellings associated to owner-occupation tenures, two thirds of it at house ownership and one third as tenant-ownership. The rental sector features municipal and commercially offered rental dwellings, but all providers operate under the same rent control framework and serve equal target groups.

Typical characteristics of tenures in Sweden		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Ownership usually corresponds to one or two-family houses.	large share (ca. 40% of dwellings) (mostly individual home-ownership; flat ownership is still of minor relevance)
Flat ownership/condominium	Since May 1st 2009, condominium ownership in multi-family houses is possible. The owner has full rights to sell, rent or pledge the apartment without permission. Common property includes exterior ceilings, facades, stairwells, storage rooms and other common appliances. The owners of the apartments are part of a community association that manages and maintains the property.	
Cooperative owner-occupation	Co-op ownership: owners are members of a tenant-owner association of a property. Each owner has the right of use of the apartment and partly a cooperative right of the association. Selling individual property rights on the open housing market is possibly by approval of the association only.	medium share (ca. 20% of dwellings)
Other		
Rental tenures		
Market rate private/commercial rental tenures	Regulations for rental housing apply both to private and public rental housing. Initial rent levels and rent renewals are oriented on the utility value resulting from characteristics such as the type, advantages, location, environment and quality of the dwelling and are subject to annual collective bargaining between landlords and a tenant organization. There are three different ways in which rents can be determined. 1) Collectively bargained utility value rents for existing and new dwellings. 2) Collectively bargained presumed – cost related – rents for new dwellings; such rents are exempt from the utility value rent system for 15 years, during which period they cannot be contested. 3) Individual rent setting by the landlord in agreement with each tenant. This third way of setting rents is most likely to be brought to the rent tribunal by individual tenants. If no agreement is reached, the rental market committee can mediate in the event of a dispute or determine the amount of rent in public municipal housing.	large share (ca. 40% of dwellings, half of them in municipal housing and the other half as private rental housing)
Public rental tenures		
Subsidized below market and/or privileged access rental tenures	Dwellings provided by historic Charity trusts and foundations	niche
Cooperative rental or similar national specific tenures	Individual traditional rental housing cooperatives, of which Stockholms Kooperativa Bostadsförening (SKB) is the largest (ca. 7,000 dwellings, and still growing. A temporary special legislation for rental housing cooperatives was set up in 1987, complemented in 1991 and in 2002 replaced by a permanent legislation. However, the sector is small and statistics is lacking.	niche (no data available)
Other	not available	
Hybrid forms, e.g. rent-to-buy schemes	not available, but currently discussed	niche, emerging
Homelessness, temporary and informal housing		
Homelessness	In Sweden there are four different forms of accommodation for homeless people. - emergency accommodation for the acutely roofless. - institutional residences and support accommodations for people who are at Prison and Probation Service, HVB home, family home or SiS institution and have to move within three months and who do not yet have their own accommodation. - long term housing solutions for people who do not have access to the normal housing market. These include experimental apartments, training apartments, social or municipal contracts. - Fourthly, there are short-term and self-mediated accommodations for people who live temporarily and contractually with acquaintances or have an inherent or secondary contract for less than three months.	2017 figures: roofless shelters 5,900, support accommodation 5,000, long-term solutions ca. 16,000, other short-term solutions ca. 5,700.
Asylum accommodation	Responsibility on State and municipality level. Accommodation includes long-term institutional or self-organized housing available for people with granted asylum status, temporary accommodations (abt) arranged by the Migration Board, such as hostels or vacation villages. For minors, temporary accommodation in the municipality where they report to an authority is provided. In most cases the municipalities arrange places in so-called HVB homes (homes for care and housing). Other options include family homes and accommodation with relatives.	
Informal housing		

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

Concerning housing types and tenancy, the housing stock has a very different composition in major cities and rural parts. In the latter, there is a significantly higher proportion of individual houses while in densely populated areas apartment buildings prevail. Here the limited availability of single-family homes has been causing price increases especially in the tenant-ownership market during the last years, allowing the observation of a connection between housing type, tenures and income.

Rental tenures

Until the 1980s, tenures were not significantly connected to income as today. In the early 1990s, changes in the taxation scheme and the ongoing national financial crisis changed the incentives. This development of income related tenure sorting continued until today, when 72% of the 1st income decile lives in rental housing. As the National Board of Housing, Building and Planning reported, rental housing, and especially the municipal-owned housing stock is showing a high proportion of people with a migration background, with more than 40% compared to about 10% in owner-occupied dwellings. The share of poor population has also almost doubled, both in private rental tenures (from 10-19%) as well as in municipal-owned rental dwellings (from 12-27%). Much of the political debate is related to the possibilities to reintroduce a more tenure neutral policy, but also to a reform of the rent setting mechanism in the rental sector.

Homelessness, informal and temporary housing

In recent years there has been an increase in the proportion of people who are not usually affected, such as young people who cannot find a home, families without documentation, and people from the middle of society with special circumstances such as divorce or dismissal. Furthermore, the problem cannot be confined to large cities, and affects 76% of Swedish municipalities. In general, it can be said that the majority of those affected are still male (62%), but the proportion of women is increasing. About one third are parents of children under 18. Half of those affected were born abroad. The latter group also includes EU citizens living temporarily in Sweden. Nearly half of the people live in long-term housing solutions provided by municipalities that rent housing on a secondary basis with social or municipal contracts. This form of housing is mostly used by parents with children, with women living with their children in most cases.

Providers of Housing Services

Public owned rental housing is primarily connected with municipal housing companies, MHC's. The few state-owned companies in Sweden concerned with housing is primarily focused on homes for students, like, for instance, Akademiska Hus[1] . Rental housing comprises (2017) about 38% of the whole housing stock (including different kinds of special dwellings for elderly and others, but excluding secondary homes). Of these, about 52% is owned by private landlords, 45% by MHC's and the rest by other public bodies.

2.4 Housing Issues

General Challenges

Sweden's National Board of Housing, Building and Planning has calculated an annual demand of 80,000 additional housing units for the period 2017-2020 due to the growing population, which is mainly caused by immigration (94,000 persons in 2017 alone). In a recent report, a new calculation is made of the housing construction need for the period 2020–2029 based on Statistics Sweden's population projection. The construction need is estimated to be between 592,000 and 664,000 apartments, which amounts to an annual construction need of 59,200-66,400 apartments. Demographic parameters also play a role in the calculation of demand, such as the amount of housing needed for „home-moving". For the total

[1] Akademiska Hus shall own, develop and manage properties for universities and colleges with the main focus on educational and research activities and conduct activities compatible therewith. The business must be conducted on a commercial basis and generate market returns through a rent that takes into account the business's risk. Akademiska Hus will work for the long-term sustainable development of university and college areas. The company's focus includes construction and management of student housing.

population of Sweden, an ideal household ratio (number of people living in one apartment at different stages of life) of slightly over 2 can be estimated, resulting in a housing requirement of approximately 45,000 apartments for the 94,000 immigrants. The remaining demand is due to demographic reasons and the previously accumulated scarcity of solutions. Particularly challenging seems to be the growing proportion of people over 80, for whom housing adjustments will be necessary through renovation or new construction.

Accessibility, affordability and availability problems

The accessibility of housing in Sweden can be illustrated by the average waiting times for housing queues, but it must be kept in mind that there are very few municipal housing allocations agencies in Sweden which means that most housing companies allocate vacant dwelling on their own. It is about 32 months for a one-room apartment, just under three years for a two-room apartment and even 3.5 years for a four-room apartment. Waiting times of more than two years for one-room apartments are to be expected in every third public housing company. Overall, there are on average more than 3,000 people on waiting lists. Little is known about acute cases or urgent needs of the waiting people as only a minority of those queuing are actively searching for a new dwelling. Thus the described waiting times are accumulation queuing times in case of future need (which, of course, in itself is an indication of problems with how the housing market functions). The longest waiting times are found in the cities of Stockholm, Uppsala, Halland and Norrbotten County. Among municipal housing agencies, the longest waiting times are found in Stockholm, Värmdö and Haninge. Since the 1990s, Sweden has seen a sharp increase in housing prices, which has implications for both individual finances and the economy as a whole. Rent levels are usually negotiated and determined between the tenants' association and the landlord and are based on apartment standard, location and other parameters. Rental levels should therefore not vary between equivalent apartments within the local market. As an individual, the rental price can hardly be influenced. However, as a member of the tenants' association, it is possible to verify the rent for its appropriateness. The availability of housing is in a tense situation in Sweden. A majority of public providers (53%) report that there is a shortage of housing for younger people. In the last three years, the number of municipalities that have a housing shortage has increased by 12%, making up 86% of the total. In addition, 86 of the 290 Swedish municipalities stated that they have a shortage of condominiums. Although the construction of new rental housing is planned in 95% of the affected communities, more than 60% of them believe that this is not sufficient due to the high demand.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

Since 2011/2012, the overall objective for housing policy in Sweden has been to provide a social and good living environment for all people in Sweden, to promote sustainable and long-term use of natural resources and energy, and to support housing and economic development. In addition, the Housing Markets section aims to ensure that housing supply is in line with demand and is available for the long term. A reform of the rental housing market was adopted in 2011. This included termination of the „rent normative role“ of municipal housing associations and the establishment of a system whereby all negotiated rents, including those in the private sector, can be used as a reference in case of a legal dispute in court. The aim was to create a fair level playing field for all actors in the rental housing market.

3.2 Housing Policy Instruments

Name	Housing allowance (*Bostadsbidrag*)
Instrument type	Housing allowance
Tenures	Owner-occupied housing; Rental housing
Description	Families with children or adolescents aged 18-28 can apply for housing allowance, which subsidises part of the housing costs, if they have a low income. The applicant must usually be resident in Sweden and be entered in the population register as resident in the apartment for which he or she is applying for housing benefit. There are also cases in which the municipality rents out apartments for which only a one-week rental contract applies. In such a contract the tenant is also entitled to housing benefit. A family is defined as any adult with whom a child under the age of 18 (or over the age of 18 and receiving a study allowance or child allowance) lives permanently or partially. As a provisional allowance, the housing allowance is calculated on the basis of the income the applicant believes he or she will have in the coming calendar year. If it turns out in retrospect that the income was lower, an additional payment can be made retroactively with income tax. Conversely, if the income is higher than assumed, then part of the allowance must be repaid. In addition to income, the amount is determined by housing costs, the number of children and marital status (married or single).
Target groups	Low-income households with children and young people under the age of 29 with no children (in fact the largest share went to single parents).
Policy formulation	National level
Funding	National level
Implementation	National level (Social Insurance Agency)
Importance	About 171,000 benefiting households (Dec. 2018). The total amount of public spending is SEK 4.574 billion (2018)
Instrument development	Stepwise increase of the income level (started in 2018, finished 2021)
Name	Housing supplement for pensioners (*Bostadstillägg*)
Instrument type	Housing allowance
Tenures	Owner-occupied housing; Rental housing
Description	
Target groups	Pensioners (means-tested) (in fact about 90% live alone; about 75% women)
Policy formulation	
Funding	
Implementation	
Importance	About 290,000 benefiting individuals (2018). The total amount of public spending is SEK 9.139 billion (2019).
Instrument development	None
Name	Housing supplement for people who receive activity compensation (*Bostadstillägg för den som har aktivitetsersättning eller sjukersättning*)
Instrument type	Housing allowance
Tenures	Owner-occupied housing; Rental housing
Description	
Target groups	People who receive activity compensation due to reduced work capacity caused by illness or disability, or receive sick payment/compensation
Policy formulation	
Funding	
Implementation	
Importance	About 116,000 benefiting individuals (Dec. 2019). The total amount of public spending is approximately SEK 4.864 billion (calculated on the basis of data for Dec. 2019)
Instrument development	None
Name	Interest subsidies
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	Interest must be paid on borrowed money in the form of loans (mortgages, leisure loans, unsecured loans or card loans). These interest costs can be claimed in the annual declaration. A total of up to 30% and a maximum of SEK 100,000 per year can be deducted.
Target groups	All households with a housing loan.
Policy formulation	National level
Funding	National level
Implementation	National level (Tax Agency)
Importance	SEK 24.123 billion (2018) including all interest deductions (not only hosing expenditures)
Instrument development	None

Name	Amortization requirements
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	In order to reduce the risk that households take out too many loans, there has been a new repayment obligation since 01.03.2017. This stricter regulation stipulates that if mortgages exceed 4.5 times the gross income, then the repayment of the debt must be at least 1%. Income can also include child allowances, study grants or scholarships. This regulation applies in addition to the existing repayment obligation, which requires a repayment of 2% per annum if the loan exceeds 70% of the value of the home. If the amount is 50-70%, at least 1% of the loan amount must be repaid and there is no repayment obligation below 50%.
Target groups	All households that need a housing loan to buy owner occupied dwelling. Especially families with lower income may be affected by this new regulation and may have to repay more than before.
Policy formulation	National level (Ministry of Finance)
Funding	n. a.
Implementation	Financial institutions
Importance	n. a.
Instrument development	Recalibrated 2017 (towards stricter rules)
Name	Property fee reduction
Instrument type	Subsidies for homeowners and homebuyers
Tenures	Owner-occupied housing
Description	
Target groups	Pensioners with permanent residence; people who receive sick or activity payment (reduction to 4% of income)
Policy formulation	
Funding	
Implementation	
Importance	SEK 350 million (2019)
Instrument development	None
Name	Rent control
Instrument type	Rent regulation
Tenures	Rental Housing
Description	The regulation of rents is intended to prevent prices from rising too sharply and to help low-income households in particular to be able to stay in their homes even if market prices rise. Therefore, the level of rent is mainly determined through a collective bargaining or negotiation process on the basis of current rents and a utility value system (standard, quality and service often he apartment) set up to ensure that, within the local housing market, comparable dwellings should have comparable rents and, conversely, that rent differences between individual dwellings should be due to differences in utility value. It is the process of how the initial rent level as well as rent increases are determined that is regulated, not the rent in itself. The aim here is to ensure that rents are in a reasonable proportion to household income.
Target groups	All households in rental housing
Policy formulation	National
Funding	National
Implementation	Tenants association and property owners
Importance	n. a.
Instrument development	Liberalisation of newly constructed housing
Name	Tax reduction for new residential buildings
Instrument type	Housing-related taxation
Tenures	Owner-occupied housing, Rental housing
Description	For all residential buildings the property fee is reduced to 0% the first fifteen years after the completion of the building. This keeps down housing cost during a period when they are quite high due to high construction costs, large loans and large interest expenditures. It also stimulates the developer to finalise the construction.
Target groups	No specific target group
Policy formulation	
Funding	
Implementation	
Importance	The cost for this subsidy is SEK 1,060 million (2019)
Instrument development	

3.3 Reform trends

The current housing policy in Sweden is largely characterised by continuity, leaving the basic instruments unchanged and only adjusting the level of housing allowance support. In contrast, a far-reaching reform has been announced and two three different inquiries have been set up with the intent to make rent setting more efficient. One inquiry has been appointed to investigate how collective rent negotiations can be made more effective. The aim is to improve the function of these negotiations when it comes to setting rents for flats and establish long-term sustainable rent levels. The inquiry is to report on its remit not later

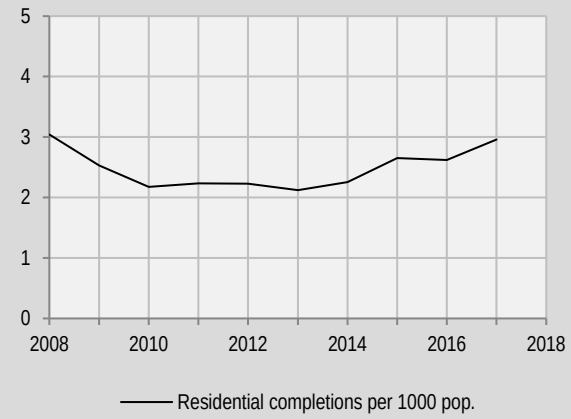
than by 30 December 2020. Another inquiry has been appointed to chart how location and quality are taken into account in setting rents and propose suitable measures if this is not done to a sufficient extent. A third inquiry has been appointed to present proposals on free setting of rents in new production. It should also be noted that the important public housing segment is a housing policy activity at the municipal level which is not described in detail here.

United Kingdom

Population (million, 2018)	66.27	EUROSTAT, series demo_pjan	Proportion of pop. aged 65 and over (per cent, 2018)	18.2	EUROSTAT, series demo_pjan
2050 population projection (million, 2018)	78.29	EUROSTAT, series tps00002	Est. average age of young people leaving the parental household (years, 2018)	24.7	EUROSTAT, series yth_demo_030
Total area (sq. km, 2015)	248,536	EUROSTAT, series demo_r_d3area	Proportion of foreign-born population (per cent, 2018)	14.4	EUROSTAT, series migr_pop3ctb, own calc.
Population density (per sq. km, 2018)	273.8	EUROSTAT, series tps00003	Real GDP per capita (2018, Euro)	32,640	EUROSTAT, series sdg_08_10
Proportion of population in cities, towns and suburban areas (per cent, 2018)	87.6	EU-SILC, series: ILC-LVH001	PPS-adjusted gross disposable income of households per capita (2018, Euro)	24,470	EUROSTAT, series sdg_10_20
Median population age (years, 2018)	40.1	EUROSTAT, series demo_pjanind	Proportion of people at risk of poverty (income below 60% of the median, per cent, 2018)	23.1	EUROSTAT, series t2020_50

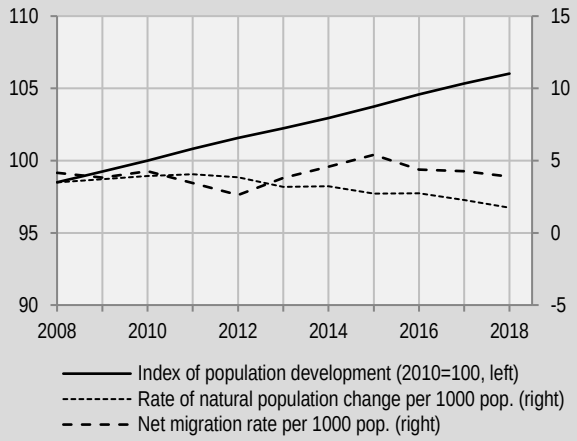
If not otherwise stated, all EUROSTAT 2018 data as of 2021/02

Residential Construction



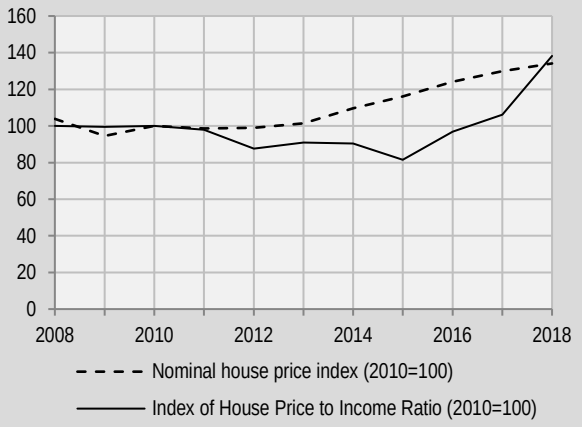
Source: European Mortgage Foundation, EUROSTAT, own calculations

Population Development



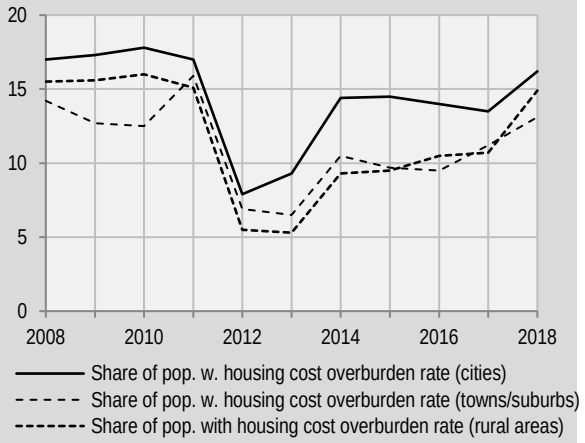
Source: EUROSTAT, own calculations

House Prices



Source: European Mortgage Foundation, EUROSTAT House Price Index, own calculations

Housing Cost Overburden Rates



Source: Housing cost overburden rate by degree of urbanisation - EU-SILC survey

General Remark

This country report has been compiled by the authors based on a synopsis of the questionnaire answers provided by the scientific country expert and the Housing Focal Point in each country. It therefore describes the main features of the national situation on the basis of expert opinions at the time of the survey and do not claim to be complete or exhaustive. Kenneth Gibb has been involved as national expert.

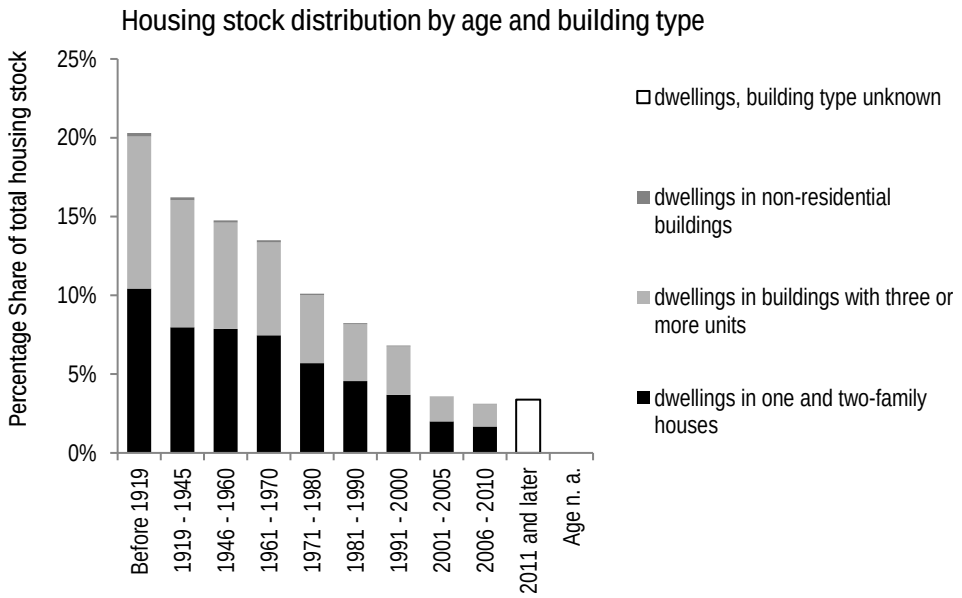
1 Governance structure

Housing policy regarding social and market rented housing, homelessness and some aspects of home ownership is widely devolved to the governments of Scotland, Wales and Northern Ireland. Unlike, the UK government pursues English housing policy and at times relating to some policy issues that cross over to housing, they also affect Welsh housing policy. As a conclusion, it is difficult to talk about UK housing policy in general. On the UK level, there are three main bodies involved in housing policy. The Ministry of Housing, Local Government and Communities is the English department for housing policy, which is responsible for the regulation of the private rental sector (PRS), tenancy law, social housing provision and subsidy, town planning and aspects of home ownership as well as construction standards. Aspects of their remit cover Wales and all of the UK. The Department of Work and Pensions is responsible for social security aspects regarding housing including housing benefit, local housing allowance and universal credit as well as the broader sweep of welfare reform since 2010 which has multiple direct and indirect effects on help with housing costs. HM Treasury deals with taxation of housing as well as liaising with regulatory matters regarding finance. On the regional level, a lot of duties and responsibilities regarding housing are devolved to the Scottish, Welsh, and Northern Irish parliaments and assemblies. Each devolved nation has its own version of a housing ministry. On the local level, the municipalities are involved in housing policy in Wales, Northern Ireland, and Scotland, while in England there is a mixture of metropolitan, county, district and London boroughs responsible for housing policy on the local level. Among other duties and responsibilities, the local authorities are charged to estimating housing needs and effective land supply, health & safety, environmental health and legal requirements within the private rented sector. In the UK, there were no horizontal shifts even if ministries changed their name cosmetically, their functions have not altered in any significant way. The main vertical shifts in responsibilities concern the consolidation of powers, including housing and planning in many city regions deals across and the enhanced Scottish powers (e.g. tax powers over housing transactions and devolved income tax). There have also been localism powers in England and partly Wales that increase local planning discretion and devolve council tax benefit to local authorities.

2 Characteristics of the UK Housing System

2.1 The Housing Stock

The total housing stock of around 28.7 million dwellings in the United Kingdom consists of 24 million dwellings in England, 1.4 million dwellings in Wales, 2.6 million dwellings Scotland and 0.8 million dwellings in Northern Ireland. The UK dwelling stock is of a higher average age level, with about 37% of the dwellings built in 1945 or older. Recent construction after 1990 accounts for only 17% of the dwellings. About half of the dwelling stock is in single family houses. Regional housing types differ less than in other countries, with more than 80% of the urban population living in single family houses. In terms of shortcomings, considerable shortages of barrier free accessibility can be noted. Concerning refurbishment needs, longer term issues regarding meeting climate change targets in terms of retrofitting the existing stock - with different targets proposed across the devolved UK are present.



Source: EUROSTAT Zensus Hub (to 2011);
2012 and later: EUROSTAT, National Statistical Offices, European Mortgage Federation Federation (calculated from cumulative housing completions 2017)

2.2 Housing tenures

The UK tenure composition can be described as a strongly diversified system with about two thirds of the dwelling stock being associated to owner-occupation. Within rental tenures, the private rental sector accounts for about one fifth of the total stock. Subsidized social dwellings are mainly associated with municipal housing and account for about one sixth of the residential dwelling stock. The relationship between tenures is rather dualist, with partly different target groups in each tenure and, compared to other diversified housing systems in the EU 27, relatively less inter-tenure competition in general.

Typical characteristics of tenures in the UK		
Type of tenure	Description	Relevance
Owner-occupation related tenures		
Individual house (with or w/o mortgage)	Full ownership (freehold) comprises the rights of disposal, use and enjoyment. The change of use depends on legal restrictions. Ownership includes full liability of maintenance, repair, public taxes, levies, duties and possibility of compulsory purchase.	very large share (ca. 63% of dwellings). Ca. 25% of Scottish housing is tenemental
Flat ownership/condominium	Tenemental ownership with common repairs.	
Cooperative owner-occupation		
Other	Community land trusts	niche
Rental tenures		
Market rate private/commercial rental tenures	The regulation of market rented housing varies substantially by national jurisdiction. England and Northern Ireland are mostly deregulated systems. Wales and Scotland operate more regulated systems. Generally, initial rents are set by markets. Rent increases are only controlled in Scotland's newly established rent pressure zones (that allow for rent increases to be capped at inflation plus x% under evidence of an excessive affordability hardship in a given area). De facto restrictions created by local housing allowance ceilings as a result of welfare reform apply. In Scotland, landlords are only allowed to increase rents once a year and 'excessive' increases can be challenged through quasi-judicial processes. In the rest of the UK the contracts are short time (6-12 months, with possible roll-over). No-fault evictions are legal. This was ended in Scotland in 2017 where only well-defined and limited grounds for repossession are possible. Legal provisions for longer or, as in Scotland, open-ended tenancies are under discussion, e.g. in Wales with plans to institute one year minimum tenancies, six month notice periods to end tenancies and ending no fault evictions	medium share (ca. 20% of dwellings)

Special regulation regimes		
Public rental tenures		
Subsidized below market and/or privileged access rental tenures	Social rented housing is provided by city councils and also through housing associations and other bodies tasked with managing or owning council housing. Social housing is regulated by state agencies or by the government directly in different parts of the UK. Social housing is characterised by relatively secure tenant rights. Rents are below market levels and allocation is based on relative need.	medium share (ca. 17% of dwellings)
Cooperative rental or similar country specific tenures	Rental co-operatives run by tenants with professional staff as a result of urban regeneration and housing renewal programmes. Small number of community-based co-operatives regulated similar to housing associations.	n. a.
Other		
Hybrid forms, e.g. rent-to-buy schemes	Shared ownership involves a purchaser buying a share of the equity of a property and renting to cover the remaining share from a housing association as a way of supporting home ownership in new build housing association developments.	n. a.
Homelessness, temporary and informal housing		
Homelessness	Includes rooflessness and insecure or transitory housing, such as temporary accommodation. Hidden homelessness is also associated with overcrowding or squatting	n. a.
Asylum accommodation	n. a.	
Informal housing	n. a.	

2.3 Target groups, providers and political relevance of tenures

Owner Occupation

In the UK there is a general support and promotion of home-ownership as appreciated tenure associated with self-reliance, security, non-dependence, and asset accumulation. Market price volatility with rising real house prices that allow for housing wealth creation are generally accepted. After the financial crisis, policies have shifted towards supporting the housing market through policies like the help to buy model. This intention is also underlying the return to a shared ownership regulation from the 1990s, as well as other policies like shared equity. From a long-term perspective, operating to different degrees in the four nations of the UK, one could observe a growing level of home-ownership rates until the early 2000s when it plateaued at over 60% in each nation. Currently the UK trend is the peaking and subsequent decline in overall home ownership rates with ongoing devolution of governance to the national governments. For example, Right-to-buy-schemes were abolished in Scotland (2016) and also now Wales (2019)

Rental tenures

Traditionally, market rented housing was viewed as a transitional housing solution for younger people like students and younger households saving to own. Only for low income groups unable to access social housing private rental was a permanent residency choice. The growing number of young people with access constraints to home ownership because of a more vulnerable labour market position and the requirement for larger down payments (i.e. greater mortgage market regulation) prolonged households' residency in the sector. In total, private renting is recovering from a long-term decline, also fostered by the buy-to-let policy introduced in the second half of the 1990s. Social rental housing is increasingly targeting low income and disadvantaged households. Reform tendencies tend towards a more diversified regulation in the four UK nations, e.g. including fixed-term contracts, income-oriented rent levels etc.

Homelessness, informal and temporary housing

Homelessness became a high priority sector in the housing policy of the UK. For example, Scotland phased out the priority need class for homelessness applicants ending the division between voluntary and involuntary homelessness while England and Wales have recently introduced statutory preventative legislation. Young single people are disproportionately found among the homelessness sleeping rough and in need of permanent accommodation, while families are more likely to be selected for temporary and long-term solutions.

Providers of Housing Services

The private renting sector remains dominated by small scale individual landlords who rent one or two properties, operating through the buy-to-let system. The sector is highly deconcentrated implying a much

more significant role for letting agencies. Build to rent is a relatively new player that combines institutional investment with professional management of specific developments of multiple units and targets the higher income groups. The social renting sector is predominated by local authorities and registered non-profit housing companies. These housing associations vary in size and offer for sale and affordable housing, less social rented units. „Homes England", the new body responsible for strategic funding is trying to develop regional partnerships to assist developing more lower-cost housing. A third way involves establishing companies for councils that improve the access to privileged capital borrowing and allows them to build affordable housing. In Northern Ireland, all council housing is under the Executive's control since 1970. Currently, in England there is a debate whether profit-oriented companies are to become involved in affordable housing.

2.4 Housing Issues

General challenges

Within-country migration to urban centres like London causes high cost locations and regions and a lack of cheaper housing in these areas. Another general challenge in the UK regarding housing relates to demographic changes. The ageing population causes accessibility and affordability problems while at the other end of the scale, younger households are living longer with their parents as they are often unable to access the type and tenure of housing of their choice. Household sizes have been decreasing for a long time, but this trend appears to be flattening out. In terms of energy efficiency and climate related issues in housing, there are long term commitments regarding their improvement while ensuring affordability. Major infrastructure investments are needed due to increasing flood risks generated by temperature rises and the increase of the sea level in eastern England and other places like Belfast. There is anecdotal evidence of new construction of private housing units in the UK in the last 30 to 40 years in dangerously low lying and flood-susceptible locations.

Accessibility, affordability and availability problems

In the UK, there are accessibility problems related to down payment cost for entrants to homeownership. Furthermore, disabled tenants, or households with disabled members may be often implicitly or explicitly discriminated thus facing accessibility problems. Private landlords generally have the possibility to exclude potential tenants for a variety of reasons. Outside of Scotland, no-fault evictions still give considerable power to landlords to remove tenants, which affects all tenants but disproportionately disadvantages certain groups. Social housing is probably the place with the strongest rights for minority groups in terms of race, creed, gender, or sexuality. However, it does not eliminate discrimination entirely either. Interest rates are historically low which means that, once people get a mortgage, affordability is comparatively benign. The problem is rather being able to afford the mortgage in the first place as a result of a high numbers of potential entrants with weaker earnings and insecure working conditions and, at the same time, regionally high housing costs in certain areas of the UK. Regarding availability problems, under-occupation is a major issue arising from older households who postpone or delay down-sizing. There is a lack of disability friendly housing aggravating the issue. One reason is that UK housing markets generally rely on older and less adaptable or appropriate housing forms.

3 Housing Policy

3.1 Guiding Principles of Housing Policy

Housing policy principles in the UK are usually expressed in terms of stock phrases like providing sufficient housing of a good standard to meet every need at a cost that is within peoples' means. Housing is provided by a hybrid system of market and non-market sectors. Housing policy is marked by loosely argued but deeply held expectation about the aspiration and desirability to be a homeowner, as well as different degrees of antipathy toward social housing. Besides similarities, there are important differences regarding the guiding principles regarding housing policy at the devolved nation level around the UK. Scotland has shown a willingness to re-regulate private renting, while at the same time some of the support programs for homeownership are less prominent or have been ended. The most interesting detail is the vision the

Scottish government espouses for the housing system, which should be based on stable house prices and moving away from the home being an asset of wealth. From a UK perspective, this is a radical and major departure - even if it is not clear how it will be implemented. UK housing policy has been affected by the economic and financial crisis after 2007 and 2008. For example, lending for mortgages has become tighter. This has significantly reduced home ownership entry levels and stimulated demand for private renting which continues to increase.

3.2 Housing Policy Instruments

Name	Housing benefit and local housing allowances including welfare reform (universal credit for working age recipients)
Instrument type	Housing allowance
Tenures	Rental housing
Description	Low income households have a notional income they need to earn, if their actual income is less than or equal to his sum they receive help with housing costs which is then reduced as their actual income rises above that level. Benefits are capped according to a range of factors e.g. the property size, total household benefits. Private rented local housing allowances are capped at the 30th percentile in the distribution of local rents for a given property size. Single adults younger than 35 are capped at the assumed shared room rate of a house in multiple occupation. Annual uprating has been constrained for public finance reasons (as have rent increases in social housing) and benefit cuts have been imposed on working age social tenants deemed to be under-occupying their property.
Target groups	Low income renting households eligible for or at risk of requiring social security support to help pay for housing costs
Policy Formulation	UK government department (DWP)
Funding	UK government department (DWP)
Implementation	UK government department (DWP)
Importance	
Instrument development	Merging of instruments and considerable cuts to generosity post 2010
Name	Help to Buy
Instrument type	Subsidy for homeowners and homebuyers
Tenures	Owner occupied-housing
Description	The subsidies seek to allow homeowners to access mortgages and overcome down payment problems by allowing them to have under initial model higher LTV mortgages and now a lower LTV mortgage with an equity loan taken out by the government. The subsidies are for new build homes. There have been two distinct HTB products in England and something different in Scotland. In England the subsidy involves a help to buy loan from the Government on a new build property which is paid off without interest payments (but with equity uplift) when the property is sold. This allows the owner to take out just a 5% deposit. For this model the purchaser can be either a first-time buyer or an existing owner. It is capped at £ 600,000 and the equity loan can go up to 40% for properties in London. There used to be a product based on a mortgage guarantee to the lender which operated in both England and Scotland but it was discontinued. The Scottish model, funded by 'financial transactions' money from HM Treasury (an interest free loan to the Scottish Parliament) is targeted at first-time buyers and movers too. Focused on new build homes (based on a select group of approved builders) the loan is capped at £ 200,000 and a 15% equity loan share. The Welsh scheme is capped at £ 300,000 and is open to first time buyers and movers as well.
Target groups	In Scotland, first-time buyers, elsewhere in UK movers and first-time buyers
Policy Formulation	UK and Scottish governments
Funding	UK and Scottish governments
Implementation	Government and developers
Importance	The different HTB models have supported more than 420,000 homebuyers and of course provided a major fillip to the house-building sector.
Instrument development	
Name	Right to Buy (England/Northern Ireland)
Instrument type	Subsidy for homeowners and homebuyers
Tenures	Owner occupied-housing
Description	
Target groups	Council tenants
Policy Formulation	
Funding	
Implementation	
Importance	
Instrument development	Abolished in Scotland and now in Wales; plans to extend to housing associations and links to new shared ownership product in England

Name	SOAHP 2018-23
Instrument type	Subsidised housing
Tenures	Owner-occupied housing, Rental housing
Description	
Target groups	Frustrated owners and low income tenants waiting for housing
Policy Formulation	
Funding	
Implementation	
Importance	130,000 units planned to be started
Instrument development	
Name	SOAHP 2016-18
Instrument type	Subsidised housing
Tenures	Owner-occupied housing, Rental housing
Description	
Target groups	Frustrated owners and low-income tenants waiting for housing
Policy Formulation	
Funding	
Implementation	
Importance	86,000 units completed
Instrument development	Integration of wider range of programmes and tenures
Name	AHP 2011-15
Instrument type	Subsidised housing
Tenures	Rental housing
Description	
Target groups	Low income tenants on waiting list
Policy Formulation	
Funding	
Implementation	
Importance	82,000 units
Instrument development	
Name	Scottish affordable housing supply programme 2011-16
Instrument type	Subsidised housing
Tenures	Owner-occupied housing, Rental housing
Description	
Target groups	Frustrated buyers, High need low income households, Households unable to buy or access social housing
Policy Formulation	
Funding	
Implementation	
Importance	33,000 households / Mix of shared equity, affordable rent (grant funded) and social housing with grants – 60% of programme social renting
Instrument development	
Name	Scottish affordable supply programme 2016-21
Instrument type	Subsidised housing
Tenures	Owner-occupied housing, Rental housing
Description	In Scotland there is an affordable housing supply programme based on meeting 5/6 of the agreed level of unmet housing need for affordable housing. This is publicly funded through a range of grant-aided mechanisms for social and affordable supply delivered by councils and housing associations - the majority of which is traditional general needs social housing. It is delivered locally using housing needs estimates, housing supply targets and the development plan system to bring it forward
Target groups	Frustrated buyers, High need low income households, Households unable to buy or access social housing
Policy Formulation	Scottish Government
Funding	Scottish Government
Implementation	Local level
Importance	50,000 households if targets fulfilled / Mix of interventions as above but now 70% social housing. Around £ 4 billion over 5 years.
Instrument development	

Name	Private renting reform in Scotland
Instrument type	Rent regulation
Tenures	Rental Housing
Description	The reform builds on previous regulatory reform on landlord registration, rights to repair, establishment of first tier tribunal dispute resolutions, letting agency regulation, and national deposit schemes. The 2016 legislation strengthened the tribunal as a housing court, and introduced the new standard tenancy as described above which would replace all new tenancies from December 2017 and provide legal protections for tenants against excessive rent increases and introduce the scope for councils to provide evidence to let them operate local rent pressure zones wherein, if granted by the Scottish government, would limit subsequent rent increases for a period of years.
Target groups	All current and potential private tenants
Policy Formulation	Scottish government
Funding	n. a.
Implementation	Scottish government, councils and legal system
Importance	n. a.
Instrument development	Introduction 2017
Name	Homelessness reforms
Instrument type	Homelessness-related instruments
Tenures	n. a.
Description	Rough sleeping initiatives seek to devise a number of practical strategies to reduce the incidence and likelihood of people having no option but sleeping in the streets; homelessness prevention strategies seek to provide vulnerable or at risk of homelessness clients (those often currently not qualifying for statutory homelessness assistance when they become homeless - because such an event has not happened yet or the form of it would not be deemed a priority in England or Wales) and may create a duty on the part of councils to act to support the individual, offer options, etc. These prevention duties were created in law in separate acts in Wales the in England. Regulation, information and bottom-up interventions e.g. led by councils followed in response to their new statutory preventative duty. They have to come with policies to address the problem in their contexts and this may then be emulated elsewhere.
Target groups	It is likely to be targeted at those who are less of an obvious homeless property (e.g. single parents and families with dependent children would be a priority; people with significant health-related problems, etc.) and would be more likely, typically, to support young single people and other households at risk or experiencing insecure or other inadequate accommodation and less likely to secure a more appropriate alternative.
Policy Formulation	Central Government (English Whitehall departments) or Welsh assembly government as appropriate; working groups on rough sleeping chaired by ministers and supported by civil servants
Funding	Scottish and English government, local government, 3rd sector and other public services re rough sleeping; Welsh and English government departments, local government and 3rd sector bodies for English and Welsh prevention actions
Implementation	Local level (including 3rd sector plus public service partners)
Importance	
Instrument development	New developed instruments.

3.3 Reform trends

Current housing policy in the UK seems to developing in different directions in the several regions. In Scotland, a stronger rent regulation has been established that breaks with the usual tenancy law path. The UK government on the other side merged all of the main working age benefits also including housing allowances into the universal credit and reduced their level of support. In addition, however, there are joint or parallel activities to create affordable housing through object-oriented subsidies and new binding initiatives to address homelessness.